



Ecuador's 2024-2030 National Biodiversity Finance Strategy using the BIOFIN Methodology

# Biodiversity Finance Plan (BFP) for the Implementation and Strengthening of Ecuador's National Biodiversity Strategy



**THE NEW  
ECUADOR**

**Ministry of Environment, Water  
and Ecological Transition**

This document was drafted following the methodology of the 'Biodiversity Finance' initiative (BIOFIN), which is executed by the United Nations Development Programme (UNDP). This approach allows nations to quantify their existing biodiversity-related expenses, assess their medium-term financial requirements, and determine the best strategies to bridge their national biodiversity funding gaps.

The BIOFIN methodology includes the following steps:

- 1) **Policy and Institutional Review (PIR):** an examination of the political and institutional framework for biodiversity financing and the existing finance solutions.
- 2) **Biodiversity Expenditure Review (BER):** an analysis of public and private expenditures impacting biodiversity.
- 3) **Financial Needs Assessment (FNA):** An estimation of the necessary investments to implement national biodiversity strategies and meet national biodiversity goals.
- 5) **Biodiversity Finance Plan (BFP):** Evaluating strategies to enhance and diversify current and future investments (across public, private, national, international, traditional, and innovative sectors) for effective biodiversity management.
- 4) **Implementation of Finance Solutions (FS):** Support in the application of policy recommendations resulting from BIOFIN, such as the improvement or creation of financing mechanisms and the integration of finance solutions into national planning cycles.

This publication refers to the fourth step: Biodiversity Financial Plan (BFP). At present, the BIOFIN initiative in Ecuador is advancing with the fifth phase concerning the Implementation of Finance Solutions (FS)

For further insights on BIOFIN and BIOFIN-Ecuador, please visit: <https://www.biofin.org/>

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## Acronyms

<b>ASOBANCA</b>	Baking Association of Ecuador [Asociación de Bancos del Ecuador]
<b>ESG</b>	Environmental, Social and Governance Criteria
<b>BanEcuador</b>	Banking for rural and urban productive development
<b>BCE</b>	Central Bank of Ecuador [Banco Central de Ecuador]
<b>BDE</b>	Development Bank of Ecuador [Banco de Desarrollo del Ecuador]
<b>BER</b>	Biodiversity Spending Analysis
<b>BFP</b>	Biodiversity Finance Plan
<b>IDB</b>	Inter-American Development Bank
<b>BIOFIN</b>	Biodiversity Finance Initiative of the United Nations Development Programme
<b>WB</b>	World Bank
<b>BVQ</b>	Quito Stock Exchange [Bolsa de Valores de Quito]
<b>CAF</b>	Development Bank of Latin America
<b>CBD</b>	Convention on Biological Diversity
<b>CEMDES</b>	Ecuadorian Business Council for Sustainable Development
<b>ECLAC</b>	Economic Commission for Latin America and the Caribbean
<b>CFN</b>	National Financial Corporation [Corporación Financiera Nacional]
<b>CONAFIPS</b>	National Corporation of Popular and Solidarity Finances [Corporación Nacional de Finanzas Populares y Solidarias]
<b>CONGOPE</b>	Consortium of Autonomous Provincial Governments of Ecuador
<b>COP</b>	Conference of the Parties
<b>COP 15</b>	Conference of the Parties No. 15 of the Convention on Biological Diversity held in Montreal, Canada in December 2022.
<b>COP 16</b>	Conference of the Parties No. 16 of Cali, Colombia, in October 2024
<b>COPLAFIP</b>	Organic Code for Planning and Public Finance
<b>EDA</b>	Exploratory Data Analysis Tool
<b>NBSAP</b>	National Biodiversity Strategy and Action Plan
<b>IFMS</b>	Integrated Financial Management System
<b>FIAS</b>	Environmental Sustainable Investment Fund
<b>IMF</b>	International Monetary Fund
<b>FNA</b>	Finance Needs Assessment
<b>GEF</b>	Global Environment Facility



<b>GBF</b>	Global Biodiversity Framework
<b>GHG</b>	Greenhouse Gases
<b>GAD</b>	Decentralized Autonomous Government [Gobierno Autónomo Descentralizado]
<b>INABIO</b>	National Institute for Biodiversity
<b>INEC</b>	National Institute of Statistics and Census
<b>JRPF</b>	Board of Financial Policy Regulation
<b>KFW</b>	German Development Bank
<b>MAATE</b>	Ministry of Environment, Water and Ecological Transition
<b>MAG</b>	Ministry of Agriculture and Livestock
<b>MAGEPLAN</b>	Guide for Natural Heritage Management
<b>MEF</b>	Ministry of Economy and Finance
<b>GBF K-M</b>	Global Biodiversity Framework Kunming - Montreal
<b>PS -EAS</b>	World Bank Performance Standards, Environmental and Social Risks
<b>SDG</b>	Sustainable Development Goals
<b>NGO</b>	Non-Governmental Organizations
<b>GSB</b>	General State Budget
<b>GDP</b>	Gross Domestic Product
<b>PIR</b>	Institutional and Policy Analysis for Biodiversity Financing
<b>RBB</b>	Results-Based Budgeting
<b>GNP</b>	Galapagos National Park
<b>NDP</b>	National Development Plan
<b>UNDP</b>	United Nations Development Program
<b>REDD+</b>	Reducing Emissions from Deforestation and Forest Degradation
<b>SEPS</b>	Superintendence of Popular and Solidarity Economy
<b>NSPA</b>	National System of Protected Areas of Ecuador
<b>TNFD</b>	Taskforce on Nature-related Financial Disclosures



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- BanEcuador BP.
- Quito Stock Exchange [Bolsa de Valores de Quito, BVQ]
- Ministry of Foreign Affairs of Ecuador.
- Ecuadorian Corporation for Social Responsibility & Sustainability (CERES).
- Business Council for Sustainable Development of Ecuador (CEMDES).
- Consortium of Autonomous Provincial Governments of Ecuador (CONGOPE).
- Andean Development Corporation [Corporación Andina de Fomento, CAF].
- National Corporation of Popular and Solidarity Finance [Corporación Nacional de Finanzas Populares y Solidarias, CONAFIPS].
- Environmental and Sustainable Investing Fund (FIAS).
- The National Institute of Statistics and Censuses (INDEC)
- Board of Financial Policy and Regulation (JPRF).
- German Development Bank (KFW).
- Ministry of Economy and Finance (MEF).
- Ministry of Environment, Water and Ecological Transition (MAATE).
- Superintendency of Banks.
- Superintendent of Popular and Solidarity Economy (SEPS).
- WWF World Wildlife Fund Ecuador.

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## 2. Introduction

### 2.1 General Overview

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Within Ecuador, biodiversity financing presents considerable challenges, though also opportunities. Despite being a megadiverse country with unique ecosystems of great importance for global ecological balance, investment allocated for biodiversity conservation has been insufficient and fragmented. A major part of the financing originates from international sources, private donors, and constrained public funds, leading to a considerable disparity between the available resources and the actual requirements for sustainable biodiversity management.

Public funding is mainly directed through the General State Budget, with an allocation that has experienced variations in recent years due to fiscal limitations, economic downturns, and health crises. On the other hand, the private sector has begun to participate in sustainability and conservation initiatives, but there is still a limited incorporation of biodiversity criteria into investment strategies among companies, the private sector, and the financial system. This results in a substantial gap in the mobilization of domestic resources, which are essential to securing the ongoing success of long-term conservation efforts.

The absence of an integrated finance strategy for biodiversity has impeded the efficient allocation of resources, the identification of investment opportunities, and the strengthening of national and institutional capacities. The fragmentation of funding sources and the lack of coordination mechanisms among key stakeholders have restricted the country's ability to address the escalating threats to its natural resources.

It is imperative to develop an integrated finance strategy based on the principles and finance solutions proposed by the Biodiversity Finance Initiative (BIOFIN), to maximize the impact of resources allocated for conservation. Through an internationally recognized methodological and strategic framework, BIOFIN facilitates the analysis and prioritization of finance needs, the identification of new investment sources, and the crafting of innovative finance solutions.

Such a strategy would enable Ecuador to efficiently mobilize and manage both national and international financial resources, create synergies between public and private sectors, and strengthen institutional capacities to implement and monitor conservation projects. Additionally, it would establish a clear roadmap to close financing gaps, aligning





investments with national sustainable development goals and biodiversity conservation, in accordance with the global commitments made under the Global Biodiversity Framework (GBF).

During the Conference of the Parties (COP16) held in Cali, Colombia, in October 2024, concerns were raised about the progress in implementing global commitments to halt biodiversity loss. Despite the expectations placed on this summit, only 35 out of the 196 participating countries submitted their comprehensive biodiversity conservation action plans. Key hurdles confronting many countries include inadequate financing, the lack of current biodiversity data, insufficient technical assistance, and weak international collaboration. The worldwide biodiversity financing shortfall is estimated to be between \$600 billion and \$800 billion per year, with a new collective quantifiable goal being outlined for 2025. The private sector is increasingly keen on channeling private capital towards biodiversity efforts. The financial initiatives introduced in this product help to strengthen this national strategy.

On October 17, 2024, at COP16, BIOFIN unveiled the 2024 Workbook worldwide, showcasing its new approach to crafting the Biodiversity Finance Plan. This product introduces the new structure in line with the new methodology.

## 2.2 Product Objectives

Craft and consolidate a financial strategy and biodiversity funding roadmap that delivers a holistic approach to prioritized finance solutions, targeting four essential outcomes: improving expenditure efficiency, generating revenues, preventing future expenditures, and realigning expenditures by identifying and prioritizing comprehensive, innovative, and effective finance solutions.

Each financial initiative presented in this strategy may include multiple financial proposals. Product #3 enables integration within a strategic perspective with a national vision and aligns them with the prioritized objectives of the NBSAP update. The strategy sets forth objectives and anticipated outcomes for the short and medium term, based on the specific targets set by the NBSAP (2025-2030), aligned with the Sustainable Development Goals.

Below is an explanation of the financing strategy structure.

**Graph 1: Financing Strategy**



1

Executive  
Summary



2

Vision and Key  
Focus Areas



3

Finance Solutions Portfolio



4

Summary and  
Action Plan



5

Annexes



## 3. Executive Summary

The Biodiversity Finance Strategy aims to maximize the impact of resources allocated for conservation through a strategic framework that facilitates the conditions for the National Biodiversity Strategy and its Action Plan (NBSAP) 2025-2030 to achieve its goals by efficiently mobilizing national and international financial resources that fund the country's needs. BIOFIN employs a globally validated methodological and strategic framework to analyze and prioritize funding requirements, identify new investment opportunities, and develop innovative finance solutions

### Vision and Areas of Focus

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#### Vision

Promote the mobilization of financial resources for the implementation of the National Biodiversity Strategy via intersectoral partnerships



#### Areas of Focus

- Strengthen governance and coordinate actions for implementation.
- Ensure access to information for decision-making.
- Strengthen coordination efforts internally and externally to effectively implement the National Biodiversity Action Plan (NBAP).
- Optimize the use of existing budgets dedicated to biodiversity.
- Sustain ongoing initiatives and amplify their outcomes.
- Maximize resource efficiency.
- Engage the private sector and civil society in funding initiatives.
- Link proposed solutions with the responsible entities for implementation.



## Portfolio of Finance Solutions

The financing strategy proposes the execution of financial initiatives designed to enhance the mobilization of financial resources for the funding of the National Strategy for Biodiversity and Protected Areas (NBAP), aligned with the focus areas determined through detailed analyses conducted during the plan's design phase.

**Graph 2:** Finance Solutions



### 1. GOVERNANCE AND INTER-INSTITUTIONAL COORDINATION

The initiative aims to strengthen the capabilities of the Ministry of Environment, Water and Ecological Transition to enhance coordination, communication, governance, and alignment of finance needs among various stakeholders. This effort is crucial to secure necessary budget allocations and private investments for the implementation of the National Biodiversity Strategy and its Action Plan by effectively mobilizing public, private, and international cooperation funds. The initiative seeks to optimize resources, close funding and implementation gaps, and provide comprehensive insights into biodiversity investments in Ecuador. This approach facilitates better tracking of goal achievement and enhances transparency in fund management, thus attracting increased public, private, and international investment.



## 2. PUBLIC EXPENDITURE OPTIMIZATION.

The Public Expenditure Optimization initiative in Ecuador proposes a results-oriented budget management system, specifically applying the Results-Based Budgeting (RBB) methodology. This approach aims to align the programming, execution, and evaluation of public expenditure with sustainable development and biodiversity objectives, as outlined in the National Development Plan (NDP) and the National Biodiversity Strategy (NBAP). To achieve greater efficiency and transparency in the use of public resources, the implementation of the eSIGEF system is promoted, along with coordination among entities and monitoring through bodies such as the Sustainable Finance Roundtable, an inter-institutional organization that oversees actions to strengthen sustainable finance in the country.

## 3. ENVIRONMENTAL ACCOUNTING AND GREEN STATISTICS.

The valuation of natural capital (forests, water, biodiversity, ecosystems) within Ecuador's national accounts aims to ascertain the economic value of natural resources and ecosystem services. This ensures that public management remains sustainable and informs policy and economic decisions with due consideration for biodiversity. Since its inception in 2009, the initiative has progressed in establishing accounts for energy, ecosystems, and land. The current stage focuses on valuing natural capital, which will allow for the integration of environmental, gender, and biodiversity factors into national accounts, providing a more holistic perspective on economic and social well-being, and supporting the evaluation of public policy impacts on both the environment and society.

## 4. HARMONIZATION OF INTERNATIONAL COOPERATION.

Strengthening the management, coordination, and optimization of international cooperation resources in Ecuador via a management model that delineates roles and responsibilities among institutional actors, ensuring effective and seamless communication. A harmonization committee is formalized, in coordination with the Ministry of Foreign Affairs, to align the efforts of cooperation agencies and organizations with national priorities, particularly in biodiversity, water resources, and climate change. This will enable a more efficient use of resources, avoiding duplications and reducing funding gaps, through the optimization of cooperation portfolios and the leadership of the Ministry of Environment in this coordination.



## 5. STRENGTHENING THE FINANCIAL SYSTEM FOR BIODIVERSITY FINANCING.

Enhancing the enabling conditions within public and private financial systems, as well as the popular and solidarity economy, to finance projects that promote biodiversity conservation and the sustainable use of natural resources. Through the development of a favorable regulatory environment, the issuance of green financial instruments like bonds and loans, and the integration of ESG criteria, substantial progress has been made in sustainable finance. Yet, challenges remain in broadening green finance to essential sectors like insurance and ensuring effective coordination between public and private entities. This initiative is crucial for channeling resources toward biodiversity and drawing in new investors dedicated to sustainability.

## 6. BIODIVERSITY CLUSTERS IN THE VALUE CHAINS OF ANCHOR COMPANIES.

The initiative seeks to create a network of leading companies dedicated to biodiversity, which will act as anchors and, through their corporate social responsibility initiatives, promote the establishment of clusters in their value chains while strengthening capabilities for biodiversity conservation. Utilizing their influence and financial resources, these companies will aid in the restoration and preservation of vital ecosystems, yielding environmental and economic advantages. The initiative advocates for sustainable finance models via public-private partnerships and green bonds, offering the additional incentive of double tax deductibility.

## 7. ENHANCING BIODIVERSITY FUND MANAGEMENT.

This financial solution focuses on enhancing existing private funds and establishing new funds to manage projects concerning the conservation and sustainable use of natural resources in Ecuador.

These funds will mobilize financial resources from the private sector and other key stakeholders, concentrating on priority areas such as biodiversity, sustainable energy, and water. Through the establishment of these mechanisms, governance will be strengthened, public-private partnerships will be promoted, and sustainable financing will be ensured, facilitating long-term conservation while enhancing the transparency and impact of investments in biodiversity.



## 8. FINANCIAL SUSTAINABILITY IN PROTECTED AREAS.

This approach evolves around two core pillars: governance and revenue generation. The 'Management Model of the National Protected Areas System' [Modelo de Gestión del Sistema Nacional de Áreas Protegidas, SNAP] proposes an entity with administrative and financial autonomy, which, through a public-private governance framework, efficiently manages the country's protected areas. This structure includes the creation of commercial trusts to capture and manage resources from international cooperation, multilateral funds, tourist concessions, carbon credits, and environmental services. Additionally, mechanisms such as fees and payments, like charges for entry, accommodation, and tourist activities, aim to ensure a steady financial flow to support the conservation and management of these natural resources. These instruments not only enable the sustainable use of protected areas but also foster both national and international investment, supported by tax incentives and benefits, contributing to biodiversity preservation without relying solely on government resources.

## 9. INNOVATIVE FINANCIAL MECHANISMS FOR BIODIVERSITY.

Proposed strategies include **debt-for-nature swaps** and **eliminating subsidies that harm biodiversity**, aimed at generating additional funding for conservation and advancing sustainable practices, with **carbon markets** as another component.

Debt-for-nature swaps facilitate the restructuring of foreign debt in return for environmental pledges, enhancing both climate and debt justice. Conversely, the reform of harmful subsidies involves redirecting public resources toward conservation, thus freeing up capital for sustainable development initiatives. Although these solutions' feasibility hinges on political decisions, it is proposed to proceed with the economic evaluation of subsidies, pilot projects, multisectoral dialogues, and institutional strengthening to ensure effective and sustainable implementation.

Within BIOFIN's proposed financial initiatives, the carbon market solution is notably highlighted. These markets facilitate the trading of credits that signify the reduction of one metric ton of CO<sub>2</sub> or its equivalent in other GHGs. In Ecuador, this initiative leverages tropical forests and other crucial ecosystems for carbon sequestration, with an estimated potential of 1.6 billion tons. Markets are divided into two types: regulated, with government-established emission limits, and voluntary, where corporations or individuals acquire credits to balance their emissions. Ecuador is targeting voluntary markets to secure international investments for preserving its ecosystems. Moreover, this financial initiative not only serves as a climate solution but also as a biodiversity financing mechanism, promoting the sustainable use of the country's natural resources and aligning with conservation goals. The administration of this solution links greenhouse gas emitters with local emission-reduction projects, offering financial incentives for biodiversity preservation.



## Projected Financial Impact

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The financial results proposed by these solutions will be evident in short- and medium-term milestones, dependent on each financial approach, facilitating an increase in resource flows that support the National Biodiversity Strategy in line with these four pillars:

**a. Deliver Better:** Improve the strategic use of available public resources by implementing results-oriented budgeting, thereby addressing existing gaps caused by execution deficits.

**b. Generate Revenue:** Establish revenue channels for biodiversity, including charges for protected areas or eco-friendly green bonds, private sector investment in biodiversity via green credit placements, anchor companies and their value chains making investments to benefit biodiversity, and corporate-level private sector investments through social responsibility funds.

**c. Avoid Future Expenditures:** Through investment in preventive measures and disincentivizing harmful actions, while enhancing information on nature-related risks.

**d. Realign Expenditures:** Integrating biodiversity considerations into the budgets of institutions under the General State Budget, promoting plans and policies such as ecological subsidies or implementing positive tax incentives for biodiversity, like double tax deductibility.



## 4. Vision and Areas of Focus

### 4.1 Vision for the Biodiversity Finance Plan

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The BIOFIN methodology focuses on identifying and mobilizing financial remedies through an intersectoral analysis of public policies, expenditures, and investments that impact biodiversity. Its aim is to integrate biodiversity into national development strategies and promote innovative financial mechanisms for its conservation.

To effectively implement these mechanisms, it is essential to strengthen collaboration among government, civil society, international organizations, the public sector, and the private sector, ensuring the funding of high-impact activities aligned with the Global Biodiversity Framework (GBF). This requires consistent and transparent data, an evaluation of public spending on biodiversity, and the identification of harmful expenditures that should be phased out. Furthermore, a common framework is introduced to track and assess private sector financing, applying sustainable financial taxonomies and fostering public policies that support these endeavors.

The Biodiversity Finance Strategy was crafted with contributions from diverse actors, focusing on nine financial solutions to be executed in the short to medium term, considering their nature, features, resource mobilization potential, and impact. In addition, there is a plan to enhance existing finance mechanisms in Ecuador, strengthening private investment in conservation and optimizing public resources through the realignment of efforts and the generation of new revenue streams.

The financing strategy emerges as a result of a comprehensive analysis that integrates diverse sources and methodologies. This process involves the **Policy and Institutional Review (PIR)**, the **Biodiversity Expenditure Review (BER)**, and the findings from the **Finance Needs Assessment (FNA)**. Additionally, it is based on information gathered through in-depth interviews with authorities from various institutions, proposals and initiatives presented, and data provided by key stakeholders.





Furthermore, consultancies and thematic studies facilitated by stakeholders and Biofin were considered, along with a detailed documentary research across multiple information sources. Information on ongoing projects, including those driven by BIOFIN, was also integrated. This integration facilitated the establishment of a strong foundation for strategy development, ensuring alignment with identified needs and priorities.

Building on these foundations, the vision and focus areas of the proposed strategy are outlined, aiming to ensure long-term sustainability in resource mobilization to finance the National Biodiversity Strategy.

These focus areas will facilitate the creation of targeted finance solutions to achieve the anticipated financial results within the following pillars:

- Deliver Better
- Avoid Future Expenditures
- Generate Revenue
- Realign Expenditures

Graph 3: Vision of the Finance Strategy



Graph 4: Focus Areas of the Finance Strategy



Based on these focus areas, nine finance solutions are proposed to ensure the feasibility of the Plan:

1. Governance and Inter-Institutional Coordination
2. Public Expenditure Optimization.
3. Environmental Accounting and Green Statistics.
4. Harmonization of International Cooperation.
5. Strengthening the financial system for biodiversity financing.
6. Biodiversity clusters in anchor companies' value chains.
7. Strengthening the administration of biodiversity funds.
8. Financial sustainability in protected areas.
9. Innovative financial mechanisms for biodiversity.

The following sections provide an in-depth analysis of the connection between finance solutions and the National Biodiversity Strategy and Action Plan (NBSAP), the Sustainable Development Goals (SDGs), and social and environmental performance standards, detailing the proposal of each initiative presented.

## 4.2 Linking the Finance Plan with National Priorities and the National Biodiversity Strategy (NBSAP).

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The Biodiversity Finance Strategy, grounded in the BIOFIN methodology, is directly aligned with Ecuador's priorities in conserving its biodiversity and its international commitments, such as the Kunming-Montreal Global Biodiversity Framework. This Finance strategy addresses the national objectives and targets of the NBSAP in its mid-term update from 2025 to 2030, focusing on enhancing governance, optimizing public resources, and attracting private investment to support the sustainable implementation of biodiversity preservation actions.

The biodiversity finance plan is aligned with the Kunming-Montreal objectives and the national objectives of the National Biodiversity Strategy, its targets, and the outcomes of the upcoming mid-term update.



**Table 1. Relationship between Global GBF-KM Goals and National NBSAP**

		National NBSAP Objectives 2015-2030
<b>A</b>	Enhance and restore the integrity, connectivity, and resilience of ecosystems; halt human-induced extinction by reducing the rate and risk of species extinction by one-tenth, and preserve the genetic diversity of species to safeguard their potential for adaptation.	2  Mitigate pressures and improper use of biodiversity to levels that ensure its conservation.
<b>B</b>	Sustainably manage biodiversity and the contributions nature makes to people, preserving and valuing ecosystem services, thereby supporting sustainable development for the benefit of current and future generations.	2
<b>C</b>	Implement a fair and equitable sharing of both monetary and non-monetary gains from the use of genetic resources, digital sequence data on genetic resources, and traditional knowledge linked to genetic resources, especially when involving indigenous peoples and local communities.	3  Equitably allocate the benefits from biodiversity and related ecosystem services, taking into account gender and intercultural specificities.
<b>D</b>	Emphasize the importance of resources for the effective and comprehensive implementation of the Kunming-Montreal Global Biodiversity Framework, including financial resources, capacity building, technical cooperation, and access to and transfer of technology.	1 Integrate biodiversity, along with associated goods and ecosystem services, into public policy management.
		4 Enhancing the management of knowledge and national capabilities to promote innovation in the sustainable utilization of biodiversity and ecosystem services

The following table consolidates the alignment between the Biodiversity Finance Plan with the nine proposed Finance solutions and the goals of the NBSAP 2025-2030.

**Table 2. Link between NBS Objectives and Financial Mechanisms**

NBS Objective 2025-2030 Biofin Finance Solutions	1	2	3	4	5	6	7	8	9
	Governance and Inter-Institutional Coordination	Public Expenditure Optimization	Environmental Accounting and Green Statistics	Harmonization of International Cooperation	Strengthening the Financial System	Biodiversity Clusters in Value Chains	Strengthening Fund Management	Financial Sustainability of Protected Areas.	Innovative Financial Mechanisms
A. Sustainable Consumption Programs	D	I				I			
B. Free Access to Biodiversity Data and Information	I		D				I		
C. Integration of Biodiversity into National Accounts		I	D						
D. Consolidated Information on Biodiversity Expenditure		D	I						
E. GAD's include conservation criteria		D			I				
F. Removal of Harmful Incentives	D								
G. Positive Incentives for Conservation	D		I						D



NBS Objective 2025-2030 Biofin Finance Solutions	1	2	3	4	5	6	7	8	9
	Governance and Inter-Institutional Coordination	Public Expenditure Optimization	Environmental Accounting and Green Statistics— Harmonization of International Cooperation	Strengthening the Financial System	Biodiversity Clusters in Value Chains	Strengthening Fund Management	Financial Sustainability of Protected Areas.	Innovative Financial Mechanisms	
H. Business Networks for Responsible Consumption						D			I
I. Management Measures for Impact Sectors		I			D				
J. Approval of the National Biodiversity Strategy	D								
K. Integration of Biodiversity into National Policies	D								
Integration	D								
L. Alignment of Gender Policies	D				I	I			
M. Resource Mobilization Strategy	D	D	D	D	D	D	D	D	D
N. Reduction of Gross Deforestation		D							
O. Baseline of Ecosystem Degradation			D						
P. Legal Framework for Sustainable Production	D				I				
Q. National Plan for the Sustainable Use of Biodiversity									
R. Biosafety Framework									
S. GAD's incorporate solutions based on nature		D							
T. Assessment of Sustainable Practices in Production									
U. Mitigation of Pollution Risks									
V. Galapagos Plan Monitoring Report								D	D
W. Management of Invasive Exotic Species	D								
X. Expansion of Protected Land Areas								D	
Y. Connectivity of Green and Blue Spaces	D								
Z. Biodiversity Monitoring Strategy			D						
AA. Wildlife Species Information System			D						
BB. National Bank of Genetic Remedies									
CC. Watershed-Focused Ecosystem Restoration								D	
DD. Climate Change Adaptation Measures	D								
EE. Legal Framework for Genetic Resource Benefits									
FF. Access to Information for Vulnerable Groups									
GG. Execution of the National Research Agenda	D								

**D** DIRECT IMPACT      **I** INDIRECT IMPACT



## ALIGNMENT OF BIOFIN FINANCIAL INITIATIVES WITH THE SDGs.

The proposed portfolio of prioritized finance solutions provides a comprehensive and strategic approach for mobilizing the necessary resources for biodiversity conservation. By aligning these solutions with the SDGs, we contribute to achieving a range of global objectives, such as eradicating poverty, reducing inequalities, and protecting the environment.

SDG 17, 'Partnerships for the Goals,' is crucial for the successful implementation of all prioritized finance solutions in Ecuador. Consequently, all proposed solutions are intrinsically linked to SDG 17, as they necessitate the establishment of robust, multi-stakeholder partnerships for their successful execution. Such partnerships enable the leveraging of knowledge, resources, and capabilities from various actors, which in turn facilitates the mobilization of financial resources and the enhancement of environmental governance.

Below, we examine the alignment of each financial initiative with the Sustainable Development Goals (SDGs):

### 1. Governance and Inter-institutional Coordination:

- Alignment with the SDGs: 5 (gender equality), 16 (robust institutions), 17 (partnerships to achieve the goals).
- Explanation: Improve collaboration between different institutions to ensure efficient and effective management of the remedies allocated to biodiversity. This involves establishing coordination mechanisms, sharing information, and clearly defining roles and responsibilities.
- SDG 17 underscores the importance of partnerships and collaboration. This initiative fosters cooperation among various levels of government, public and private institutions, and civil society organizations to achieve more effective biodiversity management.

### 2. Public Expenditure Optimization:

- Alignment with the SDGs: 12 (responsible production and consumption), 14 (life below water), 15 (life on land), 17 (partnerships for the goals).
- Explanation: It involves assessing current biodiversity expenditures to identify opportunities for improvement, eliminate redundancies, and allocate resources more effectively to actions that yield the greatest impact.
- Optimizing expenditure necessitates close collaboration between government entities responsible for managing natural resources and public finances, as well as engagement with international organizations as donors.

### 3. Environmental Accounting and Green Statistics:

- Alignment with the SDGs: 5 (gender equality), 17 (strengthening the means of implementation).
- Explanation: This solution aims to develop accounting systems that enable the measurement of the economic value of biodiversity and ecosystem services. This approach supports evidence-based decision-making and accountability.
- The development of environmental accounting systems necessitates the involvement of experts from various disciplines, along with collaboration with international institutions to establish common standards and methodologies.



## 4. Harmonization of International Cooperation:

- Alignment with the SDGs: 17 (Partnerships to achieve the goals).
- Explanation: The aim is to harmonize the efforts of various international donors to prevent overlap and enhance the effectiveness of cooperation in biodiversity conservation. This approach represents the most direct manifestation of the alliance to achieve these goals. Coordination of international cooperation involves the creation of platforms for dialogue and the establishment of common priorities.

## 5. Strengthening the financial system for biodiversity finance:

- Alignment with the SDGs: 8 (decent work and economic growth), 14 (life below water), 15 (life on land), 17 (partnerships for the goals).
- Explanation: The aim is to develop innovative financial instruments that facilitate the channeling of private resources into conservation and sustainable use projects.
- Mobilizing private resources for biodiversity conservation necessitates the involvement of banks, investors, and corporations, as well as the creation of pioneering financial instruments.

## 6. Biodiversity Clusters in Value Chains:

- Aligning with SDGs 1 (No Poverty), 5 (Gender Equality), 8 (Decent Work and Economic Growth), 12 (Responsible Consumption and Production), 14 (Life below Water), 15 (Life on Land), 17 (Partnerships for the Goals).
- Explanation: It involves advocating for the integration of biodiversity into the value chains of various economic sectors, such as agriculture, tourism, and fisheries. This approach enables the simultaneous generation of economic and environmental benefits, contributing to the eradication of poverty.
- The formation of clusters involves collaboration among businesses, producers, consumers, and civil society organizations to promote sustainable practices in value chains.

## 7. Strengthening Fund Management:

- Alignment with the SDGs: 16 (strong institutions), 17 (partnerships to achieve the goals).
- Explanation: This solution aims to enhance the management of funds allocated for biodiversity conservation, ensuring transparency, accountability, and efficiency in resource utilization.
- Effective fund management necessitates robust internal control systems and the involvement of civil society in decision-making processes.



## 8. Financial Sustainability of Protected Areas:

- Alignment with the SDGs: 1 (No Poverty), 11 (Sustainable Cities and Communities), 14 (Life below Water), 15 (Life on Land), 17 (Partnerships for the Goals).
- Explanation: Develop sustainable finance models for protected areas to ensure their long-term conservation. This entails diversifying revenue sources, contributing to poverty eradication, and enhancing the management capacity of protected areas. It involves diversifying income streams, potentially incorporating participation from private enterprises, local communities, and non-governmental organizations.

## 9. Innovative Financial Mechanisms:

- Alignment with the SDGs: 5 (Gender Equality), 10 (Reduced Inequalities), 17 (Strengthening Means of Implementation).
- Explanation: This initiative aims to develop and implement new financial mechanisms, such as payments for ecosystem services, carbon bonds, and climate insurance, to encourage the conservation and sustainable use of biodiversity.
- The development of innovative financial mechanisms necessitates collaboration between the public and private sectors, as well as the involvement of financial experts and biodiversity conservation specialists.

Table 3. Relationship between finance solutions and the SDGs

Relationship between solutions and SDGs		No Poverty	Zero Hunger	Good Health and Well-Being	Quality Education	Gender Equality	Clean Water and Sanitation	Affordable and Clean Energy	Decent Work and Economic Growth.	Industry, Innovation, and Infrastructure.	Reduced Inequalities	Sustainable Cities and Communities.	Responsible Production and Consumption	Climate Action	Life below	Life on Land	Peace, Justice and Strong Institutions	Partnerships for the Goals
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	Governance and Inter-institutional Coordination					X											X	X
2	Public Expenditure Optimization										X				X	X		X
3	Environmental Accounting and Green Statistics					X												X
4	Harmonization of International Cooperation																	X
5	Strengthening the Financial System					X			X						X	X		X
6	Biodiversity Clusters in Value Chains	X				X		X				X		X	X			X
7	Strengthening Fund Management																X	X
8	Financial Sustainability of Protected Areas	X										X			X	X		X
9	Innovative Financial Mechanisms					X					X							X



## ALIGNING BIOFIN FINANCIAL INITIATIVES WITH IFC-WB PERFORMANCE STANDARDS

The IFC-World Bank's Performance Standards (PS) set the environmental and social benchmarks that funded companies and projects must adhere to. These standards serve as a global reference in sustainability, aiming to reduce adverse impacts while enhancing the social, environmental, and economic benefits of investments.

The following analysis will explore each of the nine prioritized finance solutions for Biodiversity in Ecuador, examining their potential alignment with the IFC-World Bank Performance Standards (EAS).

**Table 4.** Performance Standards

<b>Performance Standard 1:</b>	Assessment and Management of Environmental and Social Risks and Impacts
<b>Performance Standard 2:</b>	Labour and Working Conditions.
<b>Performance Standard 3:</b>	Resource Efficiency and Pollution Prevention.
<b>Performance Standard 4:</b>	Community Health, Safety, and Security.
<b>Performance Standard 4:</b>	Land Acquisition and Involuntary Resettlement.
<b>Performance Standard 6:</b>	Biodiversity Conservation and Sustainable Management of Living Natural Resources.
<b>Performance Standard 7:</b>	Indigenous Peoples.
<b>Performance Standard 8:</b>	Cultural Heritage.

The current analysis seeks to link prioritized finance solutions for biodiversity conservation in Ecuador with the Performance Standards (PS) of the IFC-World Bank. This will allow for an assessment of the alignment of these initiatives with international sustainability standards and their potential to attract responsible investments.

## FINANCIAL SOLUTION ANALYSIS

### 1. Governance and Inter-Institutional Coordination

**Alignment with PS 1, 2, 6, 7:** This approach enhances the effectiveness of environmental and social governance by creating systems for institutional coordination. This is essential to guarantee that projects are implemented sustainably and uphold the rights of indigenous peoples.

**Note:** Robust governance is essential for implementing other solutions effectively and ensuring that projects comply with the PS.

<sup>1</sup> <https://www.ifc.org/content/dam/ifc/doc/mgrt/ifcperformancstandardsspanish.pdf>





## 2. Public Expenditure Optimization

**Alignment with PS 1, 3, 6:** The optimization of public spending ensures that resources are allocated to projects with greater positive environmental and social impact. It also promotes efficiency in the use of resources.

**Note:** Evaluating the efficiency of public spending is crucial to ensuring that funds are optimally utilized and contribute to biodiversity conservation.

## 3. Environmental Accounting and Green Statistics

**Alignment with PS 1, 3, 6:** This solution provides valuable information for decision making, allowing the environmental performance of investments to be measured and more ambitious goals to be set.

**Note:** The implementation of environmental accounting systems is essential for monitoring and assessing the impacts of policies and projects on biodiversity.

## 4. Harmonization of International Cooperation

**Alignment with PS 1, 2, 6, 7:** By aligning international cooperation with the PS, it is ensured that funded projects advance sustainable development goals and uphold the rights of local communities.

**Note:** Coordinating international cooperation is crucial to prevent redundancies and enhance the impact of investments.

## 5. Strengthening the financial system for biodiversity finance

**Alignment with PS 1, 2, 3, 6:** This solution encourages investment in projects that generate environmental and social benefits. By strengthening the financial system, financing options for conservation initiatives are expanded.

**Note:** It is crucial to develop innovative financial instruments that facilitate the channeling of resources toward biodiversity conservation projects.

## 6. Biodiversity Clusters in Value Chains

**Alignment with PS 1, 2, 3, 6:** Biodiversity clusters advocate for sustainable production and the preservation of ecosystems.

**Note:** The establishment of these clusters necessitates a close collaboration between the public and private sectors.

## 7. Strengthening Fund Management

**Alignment with PS 1, 2, 3:** Effective management of funds ensures that resources are utilized transparently and responsibly.

**Note:** The establishment of internal and external control systems is crucial to prevent corruption and ensure accountability.



## 8. Financial Sustainability of Protected Areas

**Alignment with PS 1, 2, 3, 6:** The financial sustainability of protected areas guarantees their long-term preservation.

**Note:** It is imperative to broaden the funding sources for protected areas and encourage their involvement in sustainable economic activities.

## 9. Innovative Financial Mechanisms

**Alignment with all PS:** Innovative financial mechanisms can address a wide range of environmental and social challenges.

**Note:** It is imperative to thoroughly assess the risks linked to each innovative financial mechanism and ensure compliance with the PS.

**Table 5.** Relationship between Performance Standards and Finance Solutions

#	Performance standards / FINANCIAL INITIATIVES	1	2	3	4	5	6	7	8	9
		Governance and Inter-Institutional Coordination	Public Expenditure Optimization	Environmental Accounting and Green Statistics	Harmonization of International Cooperation	Strengthening the Financial System	Biodiversity Clusters in Value Chains	Strengthening Fund Management	Financial Sustainability of Protected Areas.	Innovative Financial Mechanisms
ND1	Assessment and Management of Environmental and Social Risks and Impacts	X	X	X	X	X	X	X	X	X
ND 2	Labor and Working conditions	X			X	X	X	X	X	X
ND 3	Resource Use Efficiency and Pollution Prevention		X	X		X	X	X	X	X
ND 4	Community Health, Safety, and Security									X
ND 5	Land Acquisition and Involuntary Resettlement									X
ND 6	Biodiversity Conservation and Sustainable Management of Living Natural Resources	X	X	X	X	X	X	X	X	X
ND 7	Indigenous Peoples	X								X
ND 8	Cultural Heritage									X



## Conclusions

The prioritized finance solutions in Ecuador demonstrate strong alignment with the Performance Standards of the IFC-World Bank. Nevertheless, it is crucial that these solutions are implemented effectively, with monitoring and evaluation mechanisms in place to ensure their success.

By adhering to the IFC-World Bank Performance Standards, Ecuador can enhance its standing as a leader in biodiversity conservation and attract sustainable investments.



# 5. Finance Solutions Portfolio

The proposed portfolio of prioritized Finance Solutions in Ecuador seeks to efficiently channel resources for biodiversity through a strategic and complementary approach. Developed and validated following the BIOFIN methodology, these initiatives enhance governance and optimize public spending, while also boosting private finance, thereby promoting long-term sustainability. Organized within a 'Hierarchical Strategic Governance Model,' the solutions cover ascending levels of strategic, tactical, and operational components, with each level empowering and reinforcing the next, establishing a solid framework for collaboration, communication, coordination, and mutual support. These initiatives cater to biodiversity investment needs, promote innovative financial mechanisms, and encourage the engagement of public and private sectors, international cooperation, and civil society, aligning with Ecuador's national priorities and international obligations.

**Graph 5: Portfolio of Prioritized Financial Initiatives**



Source: Prepared by Seven Media Global



<b>1</b>	<b>NAME OF FINANCIAL INITIATIVE</b>	<b>GOVERNANCE AND INTER-INSTITUTIONAL COORDINATION</b>
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The initiative aims to strengthen the capabilities of the Ministry of Environment, Water and Ecological Transition to enhance coordination, communication, governance, and alignment of finance needs among various stakeholders. This effort is crucial to secure necessary budget allocations and private investments for the implementation of the National Biodiversity Strategy and its Action Plan by effectively mobilizing public, private, and international cooperation funds. The initiative seeks to optimize resources, close funding and implementation gaps, and provide comprehensive insights into biodiversity investments in Ecuador. This approach facilitates better tracking of goal achievement and enhances transparency in fund management, thus attracting increased public, private, and international investment.

### Finance Solution Context

The proposed governance and inter-institutional coordination aims to address the lack of leadership and effective collaboration among key stakeholders in biodiversity finance in Ecuador. A considerable fragmentation in collaboration has been identified among public, private, community, and international stakeholders, hindering the fulfillment of the National Biodiversity Plan's objectives. The absence of a leading and coordinating body has led to the suboptimal use of resources, with execution gaps and a lack of cross-sector information, resulting in an uncoordinated response to both national and international priorities. Consequently, there is a highlighted need to bolster governance and inter-institutional coordination to effectively direct the actions and objectives of various institutions.

The recent formation of the Sustainable Finance Roundtable marks a pivotal step in fostering and overseeing the actions required for increased cohesion in sustainable finance. This platform should prioritize biodiversity-related topics as a key focus. Nevertheless, this framework needs to be strengthened and solidified to adequately perform its leadership and coordination functions. The Sustainable Finance Roundtable, comprised of key stakeholders such as the Ministry of Finance, the Ministry of Environment, and the Planning Secretariat, along with sector experts and financial advisors, serves as the ideal platform to implement this governance process. It guides the development of finance strategies that maximize biodiversity benefits and ensure efficient resource use. The Undersecretariat of Natural Heritage within MAATE should lead the National Biodiversity Strategy and Action Plan (NBSAP) and leverage this forum for monitoring and achieving the expected outcomes.

### Goals and Expected Outcomes

The primary goal of this financial solution is to enhance governance and coordination among various public and private stakeholders, thereby ensuring more efficient management of resources allocated for biodiversity. This will be achieved through the implementation of targeted actions for the effective execution of the National Biodiversity Strategy and its Action Plan.

<b>Expected Financial Results:</b>	<input checked="" type="checkbox"/> Deliver Better	<input checked="" type="checkbox"/> Generate Revenue
	<input checked="" type="checkbox"/> Avoid Future Expenditures	<input checked="" type="checkbox"/> Realign Expenditures



## Financial Goal:

Gradual 10% annual increase in resource management for biodiversity due to improved coordination based on governance standards aligned with national plans, the efficiency in the use and execution of already allocated budgets within institutions, the deployment of resources earmarked for biodiversity, the reallocation of resources, the mobilization of new resources, and the enhancement of international cooperation.

Expected Results of the Financial Solution:

- Efficient allocation of financial resources
- Enhanced inter-institutional coordination will be achieved
- Greater mobilization of public and private funds.
- Joint strategies and alignment of actions.
- Strategic positioning of biodiversity on the political and economic agenda.
- Enhancement of the response capacity to biodiversity needs.
- Transparency and accountability in the use of resources.
- Reducing information gaps and enhancing strategic planning
- Leveraging the 'Sustainable Finance Roundtable'

## Description

This initiative aligns with the short- and medium-term strategies proposed in the Biodiversity Finance Strategy, whose actions will significantly contribute to the National Biodiversity Strategy and its Action Plan (NBSAP). This solution encompasses several key areas, including:

- Implementation of regulatory standards
- Mobilization of both public and private funds.
- Support for the effective implementation of the National Biodiversity Strategy and its Action Plan.
- Incorporation of profitability measures to optimize outcomes.
- Improve planning practices.
- Strengthen the capabilities of the Ministry of Environment, Water, and Ecological Transition (MAATE) and its structure for managing environmental financing, ensuring the presence of specialists in biodiversity financing.
- Ensure the allocation of adequate funding.
- Guide the structuring of the investment budget.
- Manage the funding of shortfalls.
- Manage budget allocation (or maintain current levels in the event of reductions).
- Guide the structuring of the investment budget.
- Raise awareness, promote, and communicate.

As an accredited entity with the GEF, UNDP could formulate a project that strengthens several finance solutions discussed in the funding strategies, incorporating governance, capacity building, and implementation issues related to Biodiversity, under which this initiative is evaluated.



The key stakeholders to lead governance and inter-institutional coordination, ensuring viability, are:

- The Ministry of Environment, Water and Ecological Transition (MAATE). Biodiversity-related topics should be led by the Vice Ministry of Environment - Subsecretariat of Natural Heritage - Biodiversity Directorate.
- The Undersecretariat of Climate Change, which is part of the Vice Ministry of Environment, represents MAATE at the Sustainable Finance Roundtable, ensuring direct peer-to-peer coordination with the Undersecretariat of Natural Heritage.
- Ministry of Finance: Heads the Sustainable Finance Roundtable. Its role is to ensure that resources allocated for biodiversity are distributed efficiently and that funding is available to support the implementation of the National Biodiversity Strategy (NBS). It is also responsible for establishing lines of credit, co-Finance, and innovative Finance, as well as the Allocation of Public Resources, Development of Innovative Financial Mechanisms, Coordination of Public Expenditure, and Ensuring Financial Sustainability.
- Planning Secretariat: Ensures the integration of biodiversity and sustainable development within the country's long-term strategic development plans, Incorporation into National Planning, Prioritization of biodiversity-related projects, Coordination with other Public Policies, Impact and Outcome Evaluation.



<b>2</b>	NAME OF FINANCIAL INITIATIVE	<b>PUBLIC EXPENDITURE OPTIMIZATION</b>
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The Public Expenditure Optimization initiative in Ecuador proposes a results-oriented budget management system, specifically applying the Results-Based Budgeting (RBB) methodology. This approach aims to align the programming, execution, and evaluation of public expenditure with sustainable development and biodiversity objectives, as outlined in the National Development Plan (NDP) and the National Biodiversity Strategy (NBAP). To achieve greater efficiency and transparency in the use of public resources, the implementation of the eSIGEF system is promoted, along with coordination among entities and monitoring through bodies such as the Sustainable Finance Roundtable, an inter-institutional organization that oversees actions to strengthen sustainable finance in the country.

**Finance Solution Context**

Public spending in Ecuador encounters challenges related to efficiency, with a significant portion of allocations being adjusted based on fiscal availability rather than development goals. This initiative aims to implement a results-oriented budgeting system that enhances accountability, ensures optimal resource utilization, and generates positive impacts on society and the environment, thereby contributing to Ecuador's international commitments in biodiversity and sustainability.

Since 2008, Ecuador has partially implemented the Results-based budgeting (RBB) and the eSIGEF system to manage and consolidate public finances. However, the lack of ongoing training, reliance on inertial budgeting, and limited application of the RBB methodology have resulted in stagnation of progress. This is compounded by the challenge of effectively linking the strategic planning of public entities with the National Development Plan.

There are key opportunities to enhance the optimization of public expenditure for biodiversity in Ecuador, as highlighted by the BER and FNA analyses, and the proposed finance solutions. Implementing this initiative will allow for the generation of comprehensive, timely, and high-quality national information, enabling us to understand what and why expenditures are made, access data on the effects and impacts of such management on society and nature, assess progress in achieving the goals and objectives of the National Development Plan, including those of the National Biodiversity Strategy and Action Plan (NBSAP), report at national and international levels, and make informed decisions in the short, medium, and long term.

**Goals and Expected Outcomes**





### OBJECTIVES

1. Ensure that funds allocated by public institutions are used effectively and efficiently, with a priority on achieving outcomes that align with biodiversity development and conservation.
2. Enhance institutional capabilities and coordination among key entities to implement a results-based budgeting system, focused on accountability and transparency.

### EXPECTED RESULTS

<b>Expected Financial Results:</b>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Deliver Better: Enhancing efficiency in public expenditure.</li> <li><input checked="" type="checkbox"/> Avoid Future Expenditures</li> <li><input checked="" type="checkbox"/> Generate Revenue</li> <li><input checked="" type="checkbox"/> Realign Expenditures: Optimization of resource allocation, reduction of public debt.</li> </ul>
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<b>Financial Goal:</b>	Enhance the utilization and execution of biodiversity expenditures projected for the years 2025-2030, amounting to USD 1.47265 billion.
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### Description

This finance solution seeks to:

1. Inclusion of NBSAP objectives and goals in the National Development Plan.
2. Linking planning with the public budget: ensuring that budgetary programs reflect the strategic institutional objectives aligned with the goals and objectives of the National Development Plan, through the application of the RBB technique as established by SINFIP regulations, so that the projects and activities carried out produce the anticipated effects and impacts on society and the environment.
3. Strengthening the national information system on biodiversity expenditure through various budget catalogs and classifiers, adapted to include biodiversity categories that enable entities to identify their actions for this purpose.
4. Strengthening institutional capacities in management and results-based budgeting and biodiversity through a systematic and sustained process of training and technical assistance to public entities, ensuring that officials in technical, planning, and financial areas understand the importance of protecting, conserving, restoring, and sustainably using biodiversity. This involves planning, programming, budgeting, and executing with a focus on achieving desired outcomes, particularly those related to biodiversity.
5. Monitoring and evaluation of biodiversity expenditure require designing a monitoring and evaluation system. This system serves as a tool to establish a set of indicators that reflect the outcomes achieved by programs and projects and the performance of institutions.



This tool has an implementation time of 3 to 5 years in several stages:

- **Short Term (1-2 years):** Resume training in RBB and strengthen inter-institutional collaboration through the Sustainable Finance Roundtable, while also reviewing and updating key regulations.
- **Medium Term (3-5 years):** Establish a comprehensive monitoring and assessment framework aimed at gathering biodiversity data, and strengthen the planning and budgeting processes.
- **Long Term (5+ years):** Fully integrate the RBB into all public sector entities and ensure that expenditures are aligned with sustainability objectives, creating an efficient and replicable model across other government areas.

Coordination among the following key stakeholders is essential for its implementation:

STAKEHOLDERS	DUTIES AND RESPONSIBILITIES
Ministry of Economy and Finance, MEF	<ul style="list-style-type: none"> <li>• Chair the Sustainable Finance Roundtable</li> <li>• Regulate all components of the SINFIPI</li> <li>• Implement the initiative for optimizing public expenditure.</li> </ul>
Ministry of Environment, Water and Ecological Transition, MAATE	<ul style="list-style-type: none"> <li>• Engage technically to implement the public expenditure optimization initiative aimed at articulating the objectives and goals of the NBSAP.</li> </ul>
National Planning Secretariat	<ul style="list-style-type: none"> <li>• Participate in implementing the initiative to optimize public expenditure</li> <li>• Leverage the initiative in the NDP for development results, in which the objectives, goals and results of the NBSAP should be incorporated.</li> </ul>
All entities within the Public Sector, including Decentralized Autonomous Governments (GAD) and State-Owned Companies	<ul style="list-style-type: none"> <li>• Adopt and implement the policies and directives designed to optimize public expenditure.</li> </ul>



3

NAME OF THE  
FINANCIAL  
INITIATIVE**ENVIRONMENTAL ACCOUNTING AND GREEN  
STATISTICS**

Evaluation of natural capital (forests, water, biodiversity, ecosystems) in Ecuador's national accounts, with the aim of understanding the economic value of natural resources and ecosystem services, to ensure sustainable public management and to guide policy and economic decisions by considering biodiversity. Initiated in 2009, this process has progressed in developing energy, ecosystem, and land accounts. In this new phase, valuing natural capital will enable the integration of environmental, gender, and biodiversity variables into national accounts, offering a more comprehensive view of economic and social well-being, and facilitating the assessment of the impact of public policies on the environment and society.

**Finance Solution Context**

Ecuador's economy is highly dependent on its natural resources and faces the challenge of reconciling economic growth with the conservation of its megadiverse natural heritage. The 'Environmental Accounting and Green Statistics' initiative is perfectly aligned with the commitments the country has undertaken in various international frameworks, notably:

- the **Convention on Biological Diversity (CBD)**, given that Ecuador, as a signatory to the CBD, is committed to integrating biodiversity into national planning processes and promoting the sustainable use of natural resources.
- **Sustainable Development Goals (SDG)**: Environmental accounting directly contributes to the achievement of several SDGs, such as SDG 15 (Life on Land) and SDG 17 (Partnerships for the Goals).
- **Paris Agreement**: Ecuador has pledged to reduce its greenhouse gas emissions and adapt to the impacts of climate change, making environmental accounting essential for assessing the effectiveness of these climate policies.
- **Post-2020 Global Biodiversity Framework**: This new global framework for biodiversity, currently under negotiation, underscores the necessity of incorporating biodiversity considerations into economic and financial decision-making. Environmental accounting is a pivotal tool in advancing this agenda.

**Objectives and Expected Results****GENERAL OBJECTIVE:**

Integrate the value of nature (forests, rivers, biodiversity) into traditional economic indicators to highlight the economic value of natural resources and the services they provide, assess investments in environmental conservation and restoration, guide public policies toward sustainable development, and ensure transparency in the environmental impacts of economic activities.



**SPECIFIC OBJECTIVES:**

- Highlight the socioeconomic value of biodiversity and ecosystem services.
- Quantify the impacts of human activities on the environment.
- Providing decision-makers with the information needed to adopt more sustainable policies.
- Prioritizing investment in biodiversity conservation.
- Strengthen environmental management and evidence-based decision making.

**EXPECTED RESULTS:**

<b>Expected Financial Results:</b>	<input checked="" type="checkbox"/>	Deliver Better: Enhancing efficiency in public expenditure.
	<input checked="" type="checkbox"/>	Avoid Future Expenditures.
	<input checked="" type="checkbox"/>	Generate Revenue.
	<input checked="" type="checkbox"/>	Realign Expenditures: Optimization of resource allocation, reduction of public debt.

- National accounts that identify economic sectors with the greatest environmental impact, enhancing transparency in natural resource management.
- Quantification of public investment in biodiversity and conservation, and identification of funding gaps with a mainstreaming gender approach.
- A reliable and up-to-date environmental statistics system that generates environmental indicators disaggregated by gender is essential for monitoring the SDGs and provides crucial data for enhancing institutional capacities.

**Description**

The 'Environmental Accounting and Green Statistics' initiative marks a crucial step towards more sustainable development in Ecuador, by enabling a deeper understanding of the relationship between the economy and the environment, and by guiding public policies towards the conservation and sustainable use of natural resources. It provides a robust conceptual and methodological foundation for achieving more sustainable development; however, to ensure the equitable distribution of benefits and address existing inequalities, it is essential to integrate a gender perspective across all stages of the implementation process, from the conceptual and methodological framework to the generation of relevant and reliable information for decision-making, resource mobilization, and the monitoring and evaluation of conservation projects.

Within the framework of this financial solution, Ecuador has received technical support from CEPAL, which since 2023 has trained an inter-institutional team (BCE, MEF, MAATE, INEC, SENPLADES); therefore, there is a shared conceptual foundation to build environmental accounts and strengthen the national process for improving economic-environmental accounts within the National Statistical System. Currently, progress has been made in developing accounts for energy flows, ecosystems, and land use.



Integrating the valuation of natural capital (forests, water, biodiversity, ecosystems) into the country's national accounts will enable us to ascertain the economic value of natural resources and the ecosystem services they provide. This is crucial for ensuring sustainable public management and guiding policy and economic decisions in this direction. Therefore, given that this is a complex and medium-term process requiring technical discussion and dialogue, it is feasible to promote the development of environmental accounts and continue existing processes based on available legal frameworks.

This initiative or solution is applied at the national level, encompassing the entire Ecuadorian territory, as it ensures a broader and more coherent perspective on the relationship between the economy and the environment at an aggregate level. By integrating environmental, gender, and biodiversity variables into the national accounts, a more comprehensive view of economic and social well-being is obtained, allowing for the assessment of the impact of public policies on the environment and society.

The initiative should include the disaggregation of data by gender in its methodology to identify differences in the use of natural resources, exposure to environmental risks, and the benefits obtained from ecosystem services between men and women. Additionally, statistics must incorporate gender indicators that measure women's participation in decision-making related to environmental management, access to natural resources, and the differentiated impacts of climate change on men and women.

To tackle the challenges presented by implementing this initiative, strategies are proposed such as capacity building with a gender perspective, communication and awareness-raising, investment in information systems with gender mainstreaming, diversification of funding sources, and strengthening institutional frameworks. Additionally, the implementation of this initiative requires a long-term commitment and collaboration among various stakeholders. Integrating a gender perspective is essential to ensure that the benefits of this initiative are distributed equitably, contributing to more just and sustainable development.

<b>4</b>	<b>NAME OF THE FINANCIAL INITIATIVE</b>	<b>HARMONIZATION OF INTERNATIONAL COOPERATION FOR BIODIVERSITY</b>
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Strengthening the management, coordination, and optimization of international cooperation resources in Ecuador through a management model that clarifies roles and responsibilities among institutional actors, ensuring smooth and efficient communication. A harmonization roundtable is formally established, in coordination with the Ministry of Foreign Affairs, to align the efforts of cooperation agencies and organizations with national priorities, especially in biodiversity, water resources, and climate change. This will enable more efficient resource utilization, prevent duplication, and reduce funding gaps by optimizing cooperation portfolios and under the leadership of the Ministry of Environment in this coordination.

**Finance Solution Context**

Ecuador, recognized as one of the most biodiverse countries globally, is committed to spearheading initiatives that foster the conservation and sustainable use of its natural heritage. In this regard, aligning international cooperation directly addresses the country's international commitments, such as the Global Biodiversity Framework (GBF) and the Sustainable Development Goals (SDGs), particularly those concerning biodiversity protection and climate action. Regionally, Ecuador engages in various environmental cooperation and climate change platforms, underscoring the necessity of synchronizing cooperative efforts with international goals and frameworks.

The harmonization of international cooperation is aligned with the funding priorities Ecuador has identified to bridge the gaps in biodiversity conservation and management. Among the financial solutions outlined by BIOFIN, the integration of cooperative efforts through a coordinated platform is recognized as a means to enhance resource utilization efficiency, improve transparency in fund allocation, and maximize territorial impact. This initiative fosters greater synergy among public, private, and international cooperation funding sources, which will enable increased financing for biodiversity and improve resource traceability.

**Objectives and Expected Results**

**GENERAL OBJECTIVE:**

Enhance the institutional and operational capacity of the Ministry of Environment, Water, and Ecological Transition (MAATE) and affiliated entities through the implementation of a model for harmonizing international cooperation.

**SPECIFIC OBJECTIVES**

- Efficiently and transparently mobilize resources from international cooperation.
- Enhance the impact of such cooperation in advancing the sustainability of public policies and fulfilling Ecuador's environmental and climate commitments, aligned with the sustainable development agenda.

**EXPECTED RESULTS:**

<b>Expected Financial Results</b>	<input checked="" type="checkbox"/>	Deliver Better	<input checked="" type="checkbox"/>	Generate Revenue
	<input checked="" type="checkbox"/>	Avoid Future Expenditure	<input checked="" type="checkbox"/>	Realign Expenditures



- Enhance inter-institutional coordination.
- Increase transparency and traceability of mobilized resources.
- Strengthen stakeholder engagement.
- Ensure the sustainability and longevity of environmental policies and initiatives.
- Boost Ecuador's credibility on the international stage.
- Optimization of cooperation portfolios.
- Harmonizing international cooperation to align with national needs.

## Description

The 'Harmonization of International Cooperation' initiative aims to enhance the management, coordination, and optimization of resources from international cooperation in Ecuador. This endeavor seeks to establish a management model that clearly defines roles and responsibilities among institutional stakeholders, ensuring smooth and efficient communication. In addition, a harmonization committee is formalized in collaboration with the Ministry of Foreign Affairs to align the efforts of cooperation agencies and organizations with national priorities, particularly in biodiversity, water resources, and climate change.

The strategy also includes a national information system for monitoring and assessing mobilized resources to ensure transparency and traceability, avoid duplication, and contribute to closing the financing gap by optimizing cooperation portfolios, thereby generating a positive and sustainable impact on national development priority areas.

It is crucial to emphasize the leadership roles of both the Ministry of Environment, Water, and Ecological Transition (MAATE) in environmental matters, where it exercises oversight, and the Ministry of Foreign Affairs in international cooperation, which will facilitate the coordination of actions based on dialogue and cooperation processes. This will provide a harmonized, coherent, and cohesive vision reflected in an agenda that addresses the country's specific cooperation needs according to its national planning, as well as identifying potential sources and channels of financing.

The initiative should be implemented nationwide in Ecuador, ensuring equitable participation from all regions, prioritizing areas of high biodiversity and vulnerable ecosystems, and should include the involvement of international actors such as multilateral organizations, cooperation agencies, international NGOs, and private donors operating in Ecuador who are interested in supporting sustainability and biodiversity conservation in the country.

The proposal introduces an innovative approach through the establishment of a shared fund that centralizes resources from various international, public, and private sources. This fund, in conjunction with public-private partnerships, would enable more efficient and transparent resource management, prioritizing national needs.

Mechanisms such as results-based payments would incentivize effective conservation by linking disbursements to tangible achievements. Moreover, diversification of funding sources would be explored, including international organizations, climate funds, philanthropy, and the private sector.

The monitoring and traceability system ensures transparency and accountability in the use of funds. The proposal also aims to leverage financing through coordination among various stakeholders, facilitating the blending of public and private resources and the co-financing of projects.

This comprehensive and collaborative approach would enable the mobilization of additional resources, optimize their use, and ensure a sustainable impact on biodiversity conservation.



5

NAME OF THE  
FINANCIAL  
INITIATIVE**ENHANCING THE FINANCIAL SYSTEM FOR  
BIODIVERSITY**

Strengthening the enabling conditions of the public and private financial systems, as well as the popular and solidarity economy, to finance projects that promote biodiversity conservation and the sustainable use of natural resources. Through the establishment of a supportive regulatory environment, the issuance of green financial products such as bonds and loans, and the integration of ESG criteria, significant progress has been made in sustainable financing, yet challenges remain to expand green financing to key sectors like insurance and ensure effective coordination between public and private stakeholders. This initiative is essential to channel resources towards biodiversity and attract new investors committed to sustainability.

**Finance Solution Context**

Ecuador, recognized as a megadiverse nation, confronts substantial challenges in the preservation of its biodiversity. Deforestation, ecosystem degradation, and species loss are pressing issues that demand innovative solutions. Key factors contextualizing the financial solution:

- Ecuador's economy heavily relies on the extraction of natural resources, creating pressures on ecosystems.
- Ecuador is exceedingly vulnerable to the impacts of climate change, which amplifies the urgency to safeguard and restore ecosystems.
- Historically, Ecuador has incurred international debt under inequitable terms, frequently to fund unsustainable projects.
- Within the country, there is a legal framework acknowledging the significance of biodiversity; however, its implementation still faces challenges.
- Ecuador boasts a wide array of stakeholders in biodiversity conservation, ranging from the government to indigenous communities, women, and the private sector.
- The Ecuadorian financial sector plays a crucial role in mobilizing resources for conservation efforts.

**Objectives and Expected Results**



## GENERAL OBJECTIVE

To enhance the public and private financial systems, as well as the popular and solidarity-based economy and capital markets, to ensure they meet the necessary conditions to promote and facilitate the flow of national and international green financing.

## SPECIFIC OBJECTIVES

Expected Financial Results	<input checked="" type="checkbox"/>	Deliver Better	<input checked="" type="checkbox"/>	Generate Revenue
	<input checked="" type="checkbox"/>	Avoid Future Expenditure	<input checked="" type="checkbox"/>	Realign Expenditures

- Drive financing towards productive sectors dedicated to the conservation, sustainable use, and responsible management of the nation's natural capital, with a focus on projects that empower women and promote gender equality
- Encourage credit demand within Ecuador's bioeconomy sector to enhance stakeholders' ability to develop projects viable for both private and public funding, especially those led by women entrepreneurs and producers.
- Promote the creation, growth, and consolidation of sustainable enterprises that responsibly utilize the country's natural resources, with special emphasis on those led by women.

## EXPECTED RESULTS

- Strengthening the financial system to drive biodiversity conservation, increasing women's participation in decision-making and benefiting from project results.
- A regulatory framework that directs investments towards environmental projects (National Sustainable Financing Policy) with an integrated gender perspective.
- Development of sectoral taxonomies that identify sustainable activities.
- Regulations for green and social bonds will be established, integrating ESG (Environmental, Social, and Governance) criteria into investment decisions.
- Strengthening the capabilities of cooperatives in the popular and solidarity economy to offer green financial products, with a special focus on female members.
- Mobilization of financial resources towards biodiversity conservation projects.

## Description

To enhance the financial system within both the public and private sectors, including the Popular and Solidary Economy (EPS) and capital markets, it is imperative to establish the legal framework, regulatory measures, and institutional capabilities that ensure investments, from both public and private sectors, contribute to biodiversity conservation priorities and sustainable development.

This financial solution requires leadership from the Ministry of Environment, Water, and Ecological Transition (MAATE) to emphasize, within the financial sector and capital markets, the significance of directing funds towards biodiversity, particularly to bolster the creation of a national regulatory environment that facilitates the implementation of innovative solutions.



The solution aims to create a nationwide impact, covering all of Ecuador's biogeographical regions while promoting the conservation of biodiversity in protected areas, forests, moorlands, mangroves, and other strategic ecosystems. Locally, it seeks to enhance the capabilities of local communities and economies that rely on natural resources by promoting sustainable practices and generating direct benefits for local populations.

The financial model of this initiative is grounded in the principle that biodiversity conservation requires a steady flow of funding; therefore, various mechanisms can mobilize it, such as green loans, which finance environmental projects, and green bonds, issued by companies or governments for specific projects. Sustainable investment funds and public guarantees also play a crucial role. Additionally, mechanisms will be established to ensure women's participation at every stage of projects, from design to assessment, guaranteeing their representation in decision-making arenas.

Funding sources are diverse, encompassing the public sector (national budget, green taxes), the private sector (direct investments, green bonds), the popular and solidarity economy (cooperative savings), and international financing (multilateral organizations, climate funds, philanthropy).

These funds are directed from these sources to projects assessed based on environmental, social, and economic criteria. Continuous monitoring will be implemented to measure impact and ensure the achievement of goals, with data disaggregated by gender to assess equity in benefits. This approach aims to leverage financing by creating a multiplier effect and attracting large-scale private investments, thus fostering a virtuous cycle of conservation and development.

Ultimately, the initiative will channel funding for high-impact public and private investments towards projects with national reach, benefiting biodiversity. Additionally, it is crucial to ensure that these financial flows are received under the most favorable financial conditions concerning rates and terms, accompanied by adequate technical assistance negotiated within cooperation mechanisms.

Among the primary initiatives where financial solutions are developed are the various thematic areas:

- Regulatory Framework, Securities Market, Green Finance, Social and Solidarity Economy, Insurance.



6	NAME OF THE FINANCIAL INITIATIVE	<b>BIODIVERSITY CLUSTERS IN THE VALUE CHAINS OF ANCHOR COMPANIES</b>
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This initiative aims to establish a network of leading companies dedicated to biodiversity, serving as anchors and leveraging their corporate social responsibility programs to foster the creation of clusters within their value chains and enhance capabilities for biodiversity conservation. By leveraging their influence and financial resources, these companies will contribute to the restoration and preservation of key ecosystems, generating both environmental and economic benefits. The initiative promotes sustainable financing models through public-private partnerships and green bonds, with the additional incentive of double tax deductibility.

**Finance Solution Context**

This is a novel initiative integrated into short-term strategies proposed within the biodiversity financing strategy, with actions that will significantly contribute to the National Biodiversity Strategy and its Action Plan (NBSAP). Currently, efforts have been initiated by the private sector with the involvement of key stakeholders.

CEMDES has explored collaboration opportunities with BIOFIN, which presents a significant opportunity to generate an effective contribution from the Ecuadorian business sector.

Within the 'Ecuador Verde' project, implemented by UNDP with EU funding, BIOFIN leads the green financing component, which will include the initiative from Cemdes to integrate biodiversity into value chains.

**Objectives and Expected Results**

Addressing financing gaps for the conservation and sustainability of biodiversity by involving the private sector. Production clusters will enable large companies to spearhead a collaborative effort with their suppliers to implement conservation initiatives that deliver economic, social, and environmental benefits nationwide.

<b>Expected Financial Results</b>	<input checked="" type="checkbox"/>	Deliver Better	<input checked="" type="checkbox"/>	Generate Revenue
	<input checked="" type="checkbox"/>	Avoid Future Expenditure	<input checked="" type="checkbox"/>	Realign Expenditures

**Expected results of cluster formation in value chains.**

1. **Increase in private investments** in conservation initiatives, ecosystem restoration, and sustainable biodiversity projects.
2. **Economic development through sustainable business models.**
3. **Strengthening of public-private partnerships**, collaboration between private sectors, government, and community actors, generating synergies in the protection of biodiversity.
4. **Creation of eco-friendly employment opportunities** linked to sustainable activities.
5. **Enhancement of traceability and transparency of investments** in corporate social responsibility, with greater control over the allocation of resources and outcomes.



6. **Reduction of pressure on fragile ecosystems by encouraging** investment in sustainable activities, reducing dependence on extractive or unsustainable practices.
7. **Business awareness and education** through the leadership of the anchor companies will foster greater awareness in the private sector of the importance of biodiversity.
8. **Contribution to the fulfillment of international commitments** regarding biodiversity and climate change, such as those established in the Global Biodiversity Framework.
9. Implementing double materiality in biodiversity clusters will facilitate an increase in sustainable and responsible investments by anchor companies and the adoption of sustainable practices across the value chain. This would result in more comprehensive and transparent sustainability reports.

## Description

A sustainable value chain incorporates responsible practices at every stage, promoting biodiversity conservation, efficient resource use, and delivering economic, social, and environmental benefits to all stakeholders involved. It is comprised of leading anchor companies in sustainable practices, small and medium-sized enterprises (SMEs) integrated as suppliers, local communities engaged in sustainable productive activities, and other key players such as financial institutions and social organizations. Anchor companies may belong to the following sectors:

- **Responsible Agribusiness:** Major agricultural and agro-industrial corporations integrating sustainable and responsible practices
- **Responsible Extractive Industry** (mining and oil) that implements stricter sustainability standards.
- **Sustainable Tourism:** Large and medium-sized enterprises in the tourism sector are encouraged to commit to reducing their environmental impact and to collaborate with local communities in preserving biodiversity within tourist areas.
- **Circular Economy and Recycling:** Manufacturing and technology companies engaging in the circular economy, fostering a reduction in their reliance on natural resources.
- **Renewable Energy and Green Technology:** Companies operating within the renewable energy sectors (solar, wind, hydroelectric) and other clean technologies that can provide low-carbon solutions and uphold local ecosystem integrity during infrastructure development.
- **Banks and Financial Institutions:** With green financing policies and as anchor institutions facilitating access to funding for biodiversity-related projects, they can develop innovative financial products such as green bonds or investment funds that promote sustainable activities.
- **Sectors within the productive economy linked to biodiversity** that directly rely on natural ecosystems and the services they provide:

The key areas where supply chains are located include:

- **Sustainable agriculture and agroforestry**
- **Ecological and community-based tourism**



- **Sustainable fishing and aquaculture**
- **Reforestation and sustainable forest management**
- **Biotrade and utilization of biological resources**
- Companies in key sectors: **Agroindustrial, responsible extraction, sustainable tourism, and circular economy**, which can align with the conservation objectives.

The financial solution aims to integrate these stakeholders through organizations that advocate for the implementation of social responsibility practices among their members, such as CEMDES, and through the management efforts of civil society organizations with the same purpose.

### **1. Strategic Plan for the Integration of Biodiversity Clusters**

- This document outlines the framework, objectives, and strategies for integrating small producers, local communities, and key stakeholders into value chains led by anchor companies, promoting sustainable practices aligned with biodiversity conservation.

### **2. Public-Private Partnership Agreements for Cluster Development**

- Contracts, memoranda of understanding, or formal agreements between the Ministry of Environment, anchor companies, and community stakeholders to implement sustainable clusters that promote biodiversity investment.

### **3. Sustainable Business Models for Biodiversity Clusters**

- A suite of business models that integrate sustainability principles, innovative financing mechanisms, and ecosystem service valuation for producers and communities involved in the production chains.

### **4. Certification of Sustainable Products and Practices**

- Establish a certification system or seals to ensure the sustainable and biodiversity-friendly origin of products generated within clusters, thereby enhancing their value in national and international markets.

### **5. Socioeconomic and Environmental Impact Assessment Report**

- This document evaluates the benefits generated by the implementation of clusters in terms of improved community quality of life, job creation, reduction of environmental impacts, and contribution to biodiversity conservation.



7	NAME OF THE FINANCIAL INITIATIVE	<b>STRENGTHENING BIODIVERSITY FUND MANAGEMENT</b>
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**This financial strategy focuses on enhancing existing private funds and establishing new ones to manage projects related to the conservation and sustainable use of natural resources in Ecuador.**

These funds will mobilize financial resources from the private sector and other key stakeholders, concentrating on priority areas such as biodiversity, energy, and water. By establishing these mechanisms, governance will be reinforced, public-private partnerships will be promoted, and sustainable financing will be ensured, facilitating long-term conservation while enhancing transparency and investment impact in biodiversity.

7.1	<b>SOCIAL RESPONSIBILITY AND SUSTAINABILITY FUND (FRSS)</b>
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The Social Responsibility and Sustainability Fund (FRSS) is an initiative aimed at encouraging voluntary contributions from the business sector and other contributors to support social responsibility interests in projects related to carbon neutrality, circular economy, and biodiversity. These initiatives are aligned with the SDGs and the National Biodiversity Strategy through the establishment of a sub-account within a private trust fund, such as FIAS, for its management.

**Objectives and Expected Results**

1. Mobilize financial resources from the private sector towards social responsibility initiatives defined by the Board of Directors and contributors, maximizing value and impact for participating companies and their stakeholders.
2. Encourage the alignment of private social responsibility actions within regions and projects that ensure a substantial impact on corporate sustainability and environmental protection.
3. Establish, through consensus, the objectives, strategic lines, modes of intervention, and impact indicators for programs and projects funded by the fund.

<b>Expected Financial Results</b>	<input checked="" type="checkbox"/>	Deliver Better	<input checked="" type="checkbox"/>	Generate Revenue
	<input checked="" type="checkbox"/>	Avoid Future Expenditure	<input checked="" type="checkbox"/>	Realign Expenditures

**Benefits**

1. Increased private investment in sustainability projects.
2. Public-private partnerships for conservation.
3. Enhancement in transparency and impact measurement.

**Investment Justification**

The primary need addressed by the Social Responsibility and Sustainability Fund (FRSS) lies in the absence of an efficient mechanism to channel and manage resources from the private sector into biodiversity and sustainability projects, which have so far been overlooked or underutilized. Despite efforts in Corporate Social Responsibility (CSR) initiatives, many private contributions are not being strategically aligned with national priorities, thus diminishing their potential impact on biodiversity conservation and climate change mitigation.



The establishment of this fund is a response to the demand for a more robust financial framework that facilitates the mobilization of resources from companies committed to sustainability. This fund will not only bridge the gap between public and private financing but also ensure that Corporate Social Responsibility (CSR) initiatives align with the priorities set in the National Biodiversity Strategy and other international policies such as the Paris Agreement and the 2030 Agenda.

Additionally, this fund will enable companies aiming to enhance their sustainability and social responsibility profiles to channel resources efficiently, utilizing innovative financial tools recommended by BIOFIN, such as trust funds, corporate donations, and crowdfunding. This will strengthen the financial system for biodiversity, aiding in the mobilization of private capital to address unmet conservation needs. By bolstering fund management for biodiversity, resources can be better managed and distributed, ensuring proper governance and optimal fund utilization, thereby maximizing benefits in terms of sustainability and natural resource preservation.

### Finance Solution Context

BIOFIN has been collaborating with CERES in strengthening this initiative since 2019. Significant progress has been made, and valuable resources are available that would enable the swift resumption of this initiative's consolidation once the enabling conditions are met. The tools developed include:

- Management Model
- Operating Regulation
- Procedures Manual
- Draft of Bipartite Agreement between CERES and FIAS
- Resource Management Agreement Model

### Description

The FRSS is envisioned as a private trust fund that channels voluntary contributions from private companies and other stakeholders. These contributions are allocated to projects that advance social responsibility (SR) and sustainability, in alignment with national development goals, climate change mitigation, and biodiversity protection. The mechanism is adaptable, allowing contributors to direct their funds towards general or specific projects, with the option for these resources to be managed directly or through competitive funds. The Fund serves as a financial intermediary, optimizing resource allocation efficiency and ensuring the fulfillment of established objectives and policies.

The fund will be financed by:

- **Private Companies:** Companies are anticipated to voluntarily contribute resources to the fund as part of their corporate social responsibility, sustainability, and environmental offset initiatives.
- **International Cooperation:** Funding sourced from international organizations that support sustainable development projects, climate change initiatives, and conservation efforts.



- **Citizen Contributions:** Possibility of attracting small contributions from people interested in sustainability projects.
- **Others:** It includes foundations, NGOs, financial institutions, and other stakeholders that may see value in contributing to the FRSS projects.

## NEXT STEPS

### Short Term (6-12 months):

- Engage in identification and negotiation with another private fund or establish a new resource management framework.
- Review and refine the Management Model, Operating Regulations, and Procedures Manual.
- Signing of a new Bilateral Agreement with the chosen fund.

### Medium Term (1-2 years):

- Formal implementation of the fund under the new management scheme.
- Initiation of the first financing round.
- Monitoring of initial results and impact indicators.

### Long Term (more than 2 years):

- Extend the fund's reach to encompass new thematic and geographic areas.
- Compile a comprehensive report on consolidated results and measure impact at the sustainability and conservation level.

Inclusion of new stakeholders and contributors into the social responsibility and sustainability framework.

The implementation of this solution requires the intervention of several key stakeholders:

- Ministry of Environment, Water and Ecological Transition, Biodiversity Management
- CERES, Ecuadorian Council of Social Responsibility
- FIAS Environmental and Social Investment Fund
- Other Funds
- Other stakeholders, such as investors and donors.





## 7.2 REGIONAL WATER FUNDS

Regional Water Funds are financial instruments crafted to safeguard and rejuvenate water sources in specific regions, particularly in areas where water is vital for the well-being of communities and ecosystems. These funds are supported by contributions from various sources, including local governments, private enterprises, and international collaborations. The mechanism is designed to finance initiatives that support sustainable water management, watershed conservation, and the rehabilitation of degraded areas, ensuring the long-term efficient use of water resources.

The primary goal of the funds is to guarantee equitable access to water for human, productive, and environmental uses, while minimizing the negative impacts of economic activities such as intensive agriculture and uncontrolled urbanization. Furthermore, these funds help reduce vulnerability to extreme climate events, such as droughts or floods, thereby enhancing the resilience of local communities and associated biodiversity. The successful implementation of these funds also aids in the recovery of essential ecosystem services, like the regulation of the hydrological cycle and the natural filtration of water.

In the context of Ecuador, one of the most biodiverse countries in the world, the **Regional Water Funds** hold significant importance. They not only aid in mitigating the effects of climate change and the overexploitation of water resources, but also promote economic and social sustainability in communities that directly depend on water services. These funds enable active participation of various stakeholders in resource protection, ensuring a collaborative and multi-stakeholder approach to water management.

### Objectives and Expected Results

The primary goal is to ensure the sustainable provision of water for human consumption, agricultural production, and other productive uses by protecting and restoring critical ecosystems that support water resources.

Expected Financial Results	<input checked="" type="checkbox"/>	Deliver Better	<input checked="" type="checkbox"/>	Generate Revenue
	<input checked="" type="checkbox"/>	Avoid Future Expenditure	<input checked="" type="checkbox"/>	Realign Expenditures

#### Benefits:

- 1. Restoration of critical watersheds, enhancing water quality and availability.
- 1. Decreased vulnerability to extreme climate events such as droughts and floods.
- 1. Enhancing the livelihoods of local communities through conservation practices and sustainable resource management.

### Investment Justification

The Regional Water Funds in Ecuador are directly aligned with the nation's funding priorities, particularly those concerning climate change adaptation and biodiversity protection. According to the BIOFIN Financial Solutions Catalogue, this solution is connected to innovative financing mechanisms that blend public and private resources, leveraging investments to ensure the sustainable management of natural resources. Furthermore, these funds address the necessity to broaden financing sources towards more resilient models, such as payment for ecosystem services (PES), which are crucial for the protection of water and biodiversity in priority areas.



The **Organic Law of Water Resources, Uses and Exploitation of Water** in Ecuador establishes the legal framework regulating watershed management and water use, laying the groundwork for the operation and expansion of these funds, ensuring water rights compliance, and fostering the participation of all key stakeholders.

The Regional Water Funds in Ecuador are structured to function in priority areas for water conservation, specifically in **watersheds vital for the country's biodiversity and water security**. These zones include moorlands, cloud forests and areas of high biodiversity. For instance, the projects concentrate on **watersheds supplying major cities**, ensuring urban communities have consistent access to quality water. Furthermore, the initiatives aim to restore degraded areas that directly impact the water cycle.

The **Regional Water Funds in Ecuador**, such as **FONAG, FONDAGUA, FONAPA, and FORAGUA**, are experiencing increased recognition and development, though they still face substantial challenges. Despite advances in establishing financial mechanisms for sustainable water management, the effective implementation of these funds is still underway. Regional and local efforts have facilitated the establishment of various funds across different watersheds; however, their operation varies significantly depending on local contexts and stakeholder collaboration.

Their implementation can occur through short, medium, and long-term actions.

### YES- Medium Term

- **Short Term (1-2 years):** During this initial phase, agreements can be established among key stakeholders, such as the **Ministry of Environment, Water and Ecological Transition (MAATE)**, the **Decentralized Autonomous Governments (GADs)**, NGOs, and private companies, to define the governance and objectives of the fund. A public awareness campaign may also be launched, and initial funds can be mobilized through local sources and international organizations. Basic training and pilot project planning can commence in critical areas, such as moorlands and strategic watersheds.
- **Medium Term (2-5 years):** During this phase, the operational structure of the fund is formalized, establishing mechanisms for fundraising, financial leveraging, and monitoring. Implementation of restoration and conservation projects will commence in selected watersheds, supporting sustainable practices within the agricultural and industrial sectors. Furthermore, local capacities in water management will be enhanced, and initial tangible impacts will be observed in improved water access and ecosystem conservation.
- **Long-Term (5+ years):** In the long term, the **Regional Water Fund** will be solidified as a permanent instrument for financing and management. Multiple funding sources will be integrated, including both private and public resources, from national and international origins. Watershed restoration and enhancements in water quality will become evident, supported by the development of monitoring and evaluation systems designed to measure environmental, social, and economic impacts. Furthermore, it is expected that the fund model will be replicated in other regions of the country.



The key stakeholders enabling the execution of this financial solution are:

- Water Regulation and Control Agency [Agencia de Regulación y Control del Agua, ARCA]
- Decentralized Autonomous Governments (GADs)
- Ministry of Environment, Water and Ecological Transition (MAATE):
- Non-Governmental Organizations (NGOs) and Water Funds
- Water Users (Community, Companies, Agriculture)
- UNDP-Biofin, National Coordinator of the BIOFIN Project.
- Partners, Funding Channels, and Implementers aligned with thematic areas requiring enhancement.

8	NAME OF THE FINANCIAL INITIATIVE	<b>FINANCIAL SUSTAINABILITY IN PROTECTED AREAS</b>
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This solution is structured around two key pillars: governance and revenue generation. The 'Management Model of the National System of Protected Areas' (SNAP) advocates for an entity with administrative and financial autonomy, designed to efficiently manage the nation's protected areas through a public-private governance framework. This structure incorporates the establishment of commercial trusts to capture and manage resources from international cooperation, multilateral funds, tourism concessions, carbon credits, and environmental services. Additionally, fee and payment mechanisms, such as entrance fees, lodging, and tourism activities, aim to ensure a steady financial flow to support the conservation and management of these natural resources. These tools not only facilitate the sustainable use of protected areas but also encourage domestic and international investment, supported by tax incentives and benefits, contributing to biodiversity preservation without relying entirely on state resources.



## 8.1 NATIONAL PROTECTED AREAS SERVICE MANAGEMENT MODEL WITH ADMINISTRATIVE AND FINANCIAL AUTONOMY.

The initiative proposes an autonomous management model for the National System of Protected Areas (NSPA) of Ecuador, with administrative and financial autonomy. This framework facilitates the acquisition and management of resources through commercial trusts, public-private partnerships, and self-generated income mechanisms such as ecotourism, environmental services, concessions, and carbon credits. Its goal is to ensure the sustainability of protected areas while reducing reliance on state budgets, thereby promoting efficient management focused on environmental conservation.

### Objectives and Expected Results

1. Establish a self-sustaining management system that ensures the preservation of biodiversity within Ecuador's protected areas.
2. Enhance the mobilization of international and private funding for conservation
3. Establish sustainable revenue streams through responsible economic activities and public-private partnerships that support the financial self-sufficiency of the National System of Protected Areas (SNAP).

<b>Expected Financial Results</b>	<input checked="" type="checkbox"/>	Deliver Better	<input checked="" type="checkbox"/>	Generate Revenue
	<input checked="" type="checkbox"/>	Avoid Future Expenditure	<input checked="" type="checkbox"/>	Realign Expenditures

### Benefits

- Diversification of financing sources
- Return for investors
- Savings in operating costs
- Increased revenues from concessions and ecosystem services

### Investment Justification

The current reliance of the National System of Protected Areas (SNAP) on state funding and international cooperation has constrained its ability to effectively address environmental challenges. In the midst of a fiscal crisis, this initiative aims to establish a self-management model that ensures the sustainable conservation of protected areas, in alignment with Ecuador's commitments to biodiversity and climate change.

### Finance Solution Context.

The National System of Protected Areas (SNAP) currently safeguards 19.4% of Ecuador's territory, encompassing over 26 million hectares of land and marine areas, primarily managed by the Ministry of Environment. However, it faces financial challenges, staff shortages, and pressures from human activities such as deforestation and hunting. Despite conservation and monitoring efforts, the absence of a sustainable financial model undermines its long-term effectiveness.

### DESCRIPTION



The development of this initiative anticipates achieving results in the short, medium, and long term.

**NEXT STEPS**

**Implementation time of 3 to 5 years**

- **Short Term (1-2 years)**  
Enhance the regulatory framework to facilitate private investment and establish governance agreements for the (SNAP).
  
- **Medium Term (3-5 years)**  
Consolidate the National Environmental Management Fund (NEMF) as a key trust fund, implement ecotourism and carbon credit trading projects, and attract international cooperation.
  
- **Long Term (5+ years)**  
Achieve full financial sustainability of the National System of Protected Areas (SNAP) through a consolidated network of self-manageable activities and expand the area of protected lands under effective management

Implementing this solution requires the involvement of several key stakeholders:

STAKEHOLDERS	DUTIES AND RESPONSIBILITIES
Ministry of Environment, Water and Ecological Transition.	<ul style="list-style-type: none"> <li>• Develop policies, strategies, and guidelines for the conservation and sustainable use of terrestrial and marine biodiversity.</li> <li>• Establish policies, strategies, and guidelines for the management of national and international funds allocated for conservation.</li> <li>• Coordinate projects with national and international organizations.</li> <li>• Oversee the implementation of financial mechanisms such as the National Environmental Management Fund (FNGA).</li> <li>• Ensure alignment with the country's conservation goals or the Ministry of Economy and Finance (MEF).</li> </ul>
Ministry of Finance	<ul style="list-style-type: none"> <li>• Issue a favorable opinion for the establishment of financial instruments such as the FNGA.</li> <li>• Oversee its financial structure.</li> <li>• Ensure that there are no unwanted fiscal contingencies.</li> <li>• Monitor the management reports and budgetary regulations of the public and private funds involved in conservation.</li> </ul>
Public Financial Institutions (Public Banking)	<ul style="list-style-type: none"> <li>• Manage the FNGA's business trusts. Manage the funds.</li> <li>• Ensure that resources are managed with efficiency and transparency, in accordance with trust agreements.</li> <li>• Submit regular management reports to guarantee transparency and the responsible use of resources allocated for conservation.</li> </ul>



STAKEHOLDERS	DUTIES AND RESPONSIBILITIES
Private Investors and International Cooperation	<ul style="list-style-type: none"> <li>• Provide essential funding for conservation projects in protected areas.</li> <li>• Invest in initiatives through investment contracts that provide tax benefits and financial returns from the commercialization of environmental services and carbon credits.</li> <li>• Support the implementation of the Ecuador Zero Carbon Program (PECC), aiding in the generation of sustainable income for the National System of Protected Areas (SNAP).</li> </ul>
Non-Governmental Organizations (NGOs) and International Partners.	<ul style="list-style-type: none"> <li>• Undertake delegated management of protected areas through cooperative agreements</li> <li>• Implement conservation programs</li> <li>• Monitor biodiversity and collaborate on specific projects that generate sustainable income for the National System of Protected Areas (SNAP)</li> <li>• Ensure the effective implementation of management plans and adherence to conservation objectives.</li> </ul>

8.1

**FEE AND PAYMENT MECHANISMS IN PROTECTED AREAS.**

The mechanism of fees and payments in protected areas in Ecuador is designed to generate revenue for the sustainable conservation of biodiversity in the National System of Protected Areas (SNAP). This system encompasses charging visitors for recreational and tourism activities, as well as concessions and additional services within the protected areas. The initiative aims to ensure a steady stream of funding to cover operational, maintenance, and protection costs of these spaces, while also promoting the sustainable use of natural resources.

**Objectives and Expected Results**

1. Establish sustainable revenue streams for protected area conservation by implementing visitor fees and granting tourism concessions.
2. Decrease reliance on external funding through a self-sustaining financial model that ensures reinvestment of revenues in the management and upkeep of these areas.

**Expected Financial Results**

- |                                     |                          |                                     |                      |
|-------------------------------------|--------------------------|-------------------------------------|----------------------|
| <input checked="" type="checkbox"/> | Deliver Better           | <input checked="" type="checkbox"/> | Generate Revenue     |
| <input checked="" type="checkbox"/> | Avoid Future Expenditure | <input checked="" type="checkbox"/> | Realign Expenditures |

**Benefits:**

- Increased revenue for conservation
- Diversification of funding sources.
- Stimulus to the local economy
- Increase in the financial sustainability of the SNAP through additional services.



**Finance Solution Context**

The SNAP heavily relies on public funding and international donations, which are insufficient to cover all operational and conservation costs. With increasing human and tourist pressures on these areas, the fee-based model enables the generation of self-sustaining revenue, ensuring that the resources generated are utilized sustainably and reinvested directly into the conservation and maintenance of protected areas.

**Description**

Currently, Ecuador imposes entrance fees only in specific areas such as the Galápagos National Park and Cajas National Park. Most protected areas do not charge fees due to regulations mandating free access for visitors, which restricts the resources available for their conservation. The Ministry of the Environment, in collaboration with international organizations, has conducted feasibility studies to implement a fee system in the National System of Protected Areas (SNAP), considering tiered pricing and additional services like lodging and guided tours.

**NEXT STEPS:**

**Implementation time of 3 to 5 years**

- Short Term (1-2 years)  
Modify the regulatory framework, such as Ministerial Decree No. 006 of 2012, and implement a pilot fee system in high-traffic areas like Cotopaxi National Park and Antisana Ecological Reserve.

**Medium Term (3-5 years)**

- Implement a fee system in at least 10 additional protected areas, enhance tourism infrastructure, and strengthen revenue management for conservation efforts.

**Long Term (5+ years)**

- Expand the fee system to encompass 20 protected areas, ensuring the sustainability of funding, and enhance infrastructure and oversight in regions of high ecological value.

For the implementation of Strengthening

STAKEHOLDERS	DUTIES AND RESPONSIBILITIES
Ministry of Environment Water and Ecological Transition.	<ul style="list-style-type: none"> <li>• Formulate the necessary policies and regulations for implementing fees in protected areas</li> <li>• Oversee the management and administration of collected revenues, ensuring their reinvestment in conservation efforts and infrastructure enhancement.</li> <li>• Monitor and evaluate the effectiveness of the tariff system.</li> <li>• Promote environmental awareness and education at both local and national levels.</li> </ul>
Ministry of Tourism	<ul style="list-style-type: none"> <li>• Champion Protected Areas as Sustainable Tourism Destinations</li> <li>• Collaborate with the Ministry of Environment, Water and Ecological Transition to ensure that tourism in protected areas is managed sustainably</li> <li>• Regulate tourism infrastructure within protected zones</li> <li>• Facilitate the training of tour operators and guides on the importance of conservation and resource management.</li> </ul>



STAKEHOLDERS	DUTIES AND RESPONSIBILITIES
Ministry of Finance	<ul style="list-style-type: none"> <li>• Ensure the allocation of necessary resources for the maintenance and management of protected areas within the national budget</li> <li>• Collaborate in the development of policies that enable revenue generation through fees</li> <li>• Facilitate the development of fiscal incentives designed to attract private investment in conservation and ecotourism.</li> </ul>
Decentralized Autonomous Governments	<ul style="list-style-type: none"> <li>• Implement and supervise the collection of fees in protected areas under its jurisdiction.</li> <li>• Develop conservation and sustainability programs at the local level</li> <li>• Encourage ecotourism and other sustainable uses of natural resources within their areas of influence</li> <li>• Participate in the planning and execution of infrastructure projects that improve access and services in protected areas.</li> </ul>
Local Community	<ul style="list-style-type: none"> <li>• Actively participate in the management and protection of protected areas.</li> <li>• Generate revenue from fees through local development programs contribute to biodiversity monitoring and control of illegal activities</li> <li>• Participate in decision-making processes regarding the use and management of natural resources in their territories.</li> </ul>
NGOs	<ul style="list-style-type: none"> <li>• Provide technical assistance and training in resource management, conservation and sustainable development.</li> <li>• Enhance environmental awareness and education; collaborate with MAATE and other stakeholders in the formulation and assessment of conservation policies and strategies</li> <li>• Develop specific projects that complement retention efforts and generate economic benefits for the communities.</li> </ul>
Private Sector (Tour Operators and Service Companies)	<ul style="list-style-type: none"> <li>• Offer tourism services within the protected areas.</li> <li>• Engage in promoting protected areas as tourism destinations.</li> <li>• Contribute to developing tourism packages that incorporate access fees and high-quality services.</li> <li>• Invest in conservation and sustainable development initiatives in exchange for tax incentives or enhanced market recognition.</li> </ul>





9	NAME OF THE FINANCIAL INITIATIVE	INNOVATIVE FINANCIAL MECHANISMS FOR CONSERVATION
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Innovative strategies such as **debt-for-nature swaps** and **the removal of harmful subsidies to biodiversity** are proposed to generate additional resources for conservation and promote sustainable practices, along with **carbon markets**.

Debt-for-nature swaps enable the renegotiation of external debt in exchange for environmental commitments, fostering climate and debt justice. Conversely, the reform of harmful subsidies involves redirecting public resources towards conservation, thereby freeing up capital for sustainable development initiatives. Although the feasibility of these solutions depends on political decisions, it is proposed to move forward with the economic assessment of subsidies, pilot projects, multisectoral dialogues, and institutional strengthening to achieve effective and sustainable implementation.

Among the financial initiatives proposed by BIOFIN, the carbon market solution stands out. These markets facilitate the buying and selling of credits that represent the reduction of one metric ton of CO<sub>2</sub> or its equivalent in other GHGs. In Ecuador, this initiative leverages tropical forests and other critical ecosystems to sequester carbon, estimating a potential of 1.6 billion tons. There are two types of markets: regulated ones, with emission caps set by governments, and voluntary ones, where companies or individuals purchase credits to offset their emissions. Ecuador is focusing on voluntary markets, aiming to attract international funding for the conservation of its ecosystems. Furthermore, this financial initiative not only serves as a climate solution but also as a financing mechanism for biodiversity, promoting the sustainable use of the country's natural resources and aligning with conservation goals. The management of this solution links greenhouse gas emitters with local projects that reduce emissions, providing financial incentives for biodiversity conservation.

9.1	DEBT-FOR-NATURE SWAP
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Debt-for-nature swaps aim to generate additional resources for conservation and promote sustainable practices. These agreements allow for the renegotiation of external debt in exchange for environmental commitments, fostering climate and debt justice.

**Finance Solution Context**

Ecuador, a nation of extraordinary biodiversity, is confronting significant challenges in preserving its natural heritage. Deforestation and ecosystem degradation are pressing issues.

Debt swaps present an innovative solution. By alleviating debt burdens, they free up resources for investment in conservation and climate change adaptation, particularly in critical areas such as the Galápagos and the Amazon. Furthermore, they advance climate justice by acknowledging the historical responsibility of industrialized nations.

**Objectives and Expected Results**

**GENERAL OBJECTIVE**

Secure additional financial resources for conservation efforts and advance climate justice.

**SPECIFIC OBJECTIVES**

- Promote sustainable practices and the transition to a low-carbon economy.
- Strengthen environmental governance and institutional capacity.



**Expected Financial Results**

- ✓
  - ✓
- |                          |                      |
|--------------------------|----------------------|
| Deliver Better           | Generate Revenue     |
| ✓                        | ✓                    |
| Avoid Future Expenditure | Realign Expenditures |

**Expected Results**

- Increased Investment in Conservation
- Strengthening of Protected Areas
- Adaptation to Climate Change
- Enhancement of Local Capacities
- Enhancement of Local Capacities
- Enhancement of Environmental Governance

**Description**

The proposal for 'Innovation in Financing Mechanisms for Conservation Areas' in Ecuador is a strategic approach to address the challenges of biodiversity retention in a global context marked by the external debt crisis and the climate emergency. By examining debt-for-nature swaps, the aim is to generate additional financial resources for conservation, promote sustainable practices, and contribute to climate and debt justice.

The proposed financial model for conservation in Ecuador seeks to diversify funding sources and optimize their utilization. Debt-for-nature swaps generate additional resources for conservation, reducing external debt and redirecting public expenditure.

Funding sources are diverse: the public sector (budget, subsidy reallocation), the private sector (direct investments, green bonds), and international financing (multilateral organizations, climate funds). The proposal is to establish a trust fund to centralize the management of resources derived from debt swaps.

The model advocates a comprehensive approach by integrating public and private financing, encouraging private sector involvement through mechanisms such as payments for environmental services, and fostering public-private partnerships. It aims to maximize the impact of every dollar invested through the multiplier effect and the attraction of private investments.

Sustainability and transparency are crucial; therefore, monitoring and evaluation mechanisms will be implemented to ensure funds are used efficiently and effectively. This financial model presents a unique opportunity for Ecuador to safeguard its biodiversity, promote sustainable development, and enhance its standing in the international community.



## 9.2 REMOVAL OF SUBSIDIES THAT ARE HARMFUL FOR BIODIVERSITY

Reforming harmful subsidies involves redirecting public resources towards conservation, thereby freeing up capital for sustainable development initiatives. Although the feasibility of these solutions depends on political decisions, it is proposed to move forward with the economic assessment of subsidies, pilot projects, multisectoral dialogues, and institutional strengthening to achieve effective and sustainable implementation.

### Finance Solution Context

The proposal involves phasing out subsidies harmful to biodiversity to generate additional resources for conservation and encourage sustainable practices.

Reforming harmful subsidies involves redirecting public resources towards conservation, thereby freeing up capital for sustainable development initiatives. Although the feasibility of these solutions depends on political decisions, it is proposed to move forward with the economic assessment of subsidies, pilot projects, multisectoral dialogues, and institutional strengthening to achieve effective and sustainable implementation.

The reform of fossil fuel and unsustainable agriculture subsidies must be reassessed to foster environmentally friendly practices.

### Objectives and Expected Results

#### GENERAL OBJECTIVE

Secure additional financial resources for conservation efforts and advance climate justice.

#### SPECIFIC OBJECTIVES

- Promote sustainable practices and the transition to a low-carbon economy.
- Strengthen environmental governance and institutional capacity.

Expected Financial Results	✓	Deliver Better	✓	Generate Revenue
	✓	Avoid Future Expenditure	✓	Realign Expenditures

#### Expected Results

- Alleviating Pressure on Ecosystems
- Enhancing Environmental Quality
- Greater Economic Efficiency
- Strengthening Competitiveness
- Inclusive Economic Growth

#### Description

The proposal for 'Innovation in Financing Mechanisms for Conservation Areas' in Ecuador is a strategic approach to address the challenges of biodiversity retention in a global context marked by the external debt crisis and the climate emergency. By analyzing debt-for-nature swaps and reforming harmful subsidies, the aim is to generate additional financial resources for conservation, promote sustainable practices, and contribute to climate and debt justice.



Reforming harmful subsidies to biodiversity involves greening or phasing out subsidies that directly or indirectly harm biodiversity. Redirecting public resources obtained from the reform of harmful biodiversity subsidies allows for the implementation of sustainable practices by reducing pressure on ecosystems, as it frees up capital to be reinvested in conservation and sustainable development initiatives.

The political complexity of this solution must be addressed in the short term by advancing with:

- Economic assessment of the current subsidies on impact and sustainability.
- Multi-sector and multi-stakeholder dialogues.
- Implementation of pilot projects.
- Institutional strengthening of government bodies to craft robust environmental policies.
- Evaluation and amendment of current regulatory frameworks.

The proposed financial model for conservation in Ecuador seeks to diversify funding sources and optimize their utilization. It is based on two main pillars: debt-for-nature swaps and reform of harmful subsidies. These mechanisms generate additional resources for conservation, reduce external debt, and redirect public spending.

Funding sources are diverse: the public sector (budget, subsidy reallocation), the private sector (direct investments, green bonds), and international financing (multilateral organizations, climate funds). The proposal is to establish a trust fund to centralize the management of resources derived from debt swaps.

The model advocates a comprehensive approach by integrating public and private financing, encouraging private sector involvement through mechanisms such as payments for environmental services, and fostering public-private partnerships. It aims to maximize the impact of every dollar invested through the multiplier effect and the attraction of private investments.

Sustainability and transparency are crucial; therefore, monitoring and evaluation mechanisms will be implemented to ensure funds are used efficiently and effectively. This financial model presents a unique opportunity for Ecuador to safeguard its biodiversity, promote sustainable development, and enhance its standing in the international community.

## 9.3

## CARBON MARKETS

The carbon market initiative in Ecuador aims to establish a mechanism where corporations or individuals purchase carbon credits to offset their greenhouse gas (GHG) emissions. This market encompasses both regulated and voluntary markets, with a particular focus on the latter. Through the sale of credits generated by conservation projects, such as forest protection, Ecuador aims to attract international financing, promote biodiversity conservation, and provide an economic incentive to local communities.

### Finance Solution Context

Ecuador is grappling with challenges such as deforestation and the expansion of extractive activities, which endanger its ecosystems and contribute to GHG emissions. Carbon markets provide a financial solution to monetize conservation efforts, encouraging local communities and private stakeholders to sustainably manage natural resources. This strategy supports Ecuador's fulfillment of its commitments under the Paris Agreement.



## Financial Goals and Results

1. Mitigate climate change by reducing GHG emissions.
2. Advocate for the conservation of critical ecosystems such as the Amazon, moorlands, and mangroves.
3. Enhance the livelihoods of local communities by generating income and employment through ecosystem management.

<b>Expected Financial Results</b>	<input checked="" type="checkbox"/>	Deliver Better	<input checked="" type="checkbox"/>	Generate Revenue
	<input checked="" type="checkbox"/>	Avoid Future Expenditure	<input checked="" type="checkbox"/>	Realign Expenditures

### Benefits

- Securing Funding
- Establishing a Continuous Revenue Stream
- Attracting Private Investments
- Economic Diversification

## Description

Ecuador has initiated the implementation of a carbon market through pilot initiatives such as REDD+, particularly in the Amazon, and has enacted initial regulations for the trading of carbon credits. However, the development of a national market is still in its early stages, facing challenges in terms of including key stakeholders, such as indigenous communities, and in establishing a robust and transparent regulatory framework.

### NEXT STEPS:

#### Implementation time of 3 to 5 years

- **Short Term (1-2 years)**  
Enhance regulatory frameworks, establish an emissions verification system, and solidify the technical foundation for carbon credit certification.
- **Medium Term (3-5 years)**  
Enhance institutional capacities, advance monitoring and reporting mechanisms, and establish international agreements for the trading of credits.
- **Long Term (5+ years)**  
Fully integrate carbon markets into the national economy, creating sustainable economic benefits that are reinvested in ecosystem conservation and restoration, while also achieving greater participation in international carbon markets.



Reforming harmful subsidies to biodiversity involves greening or phasing out subsidies that directly or indirectly harm biodiversity. Redirecting public resources obtained from the reform of harmful biodiversity subsidies allows for the implementation of sustainable practices by reducing pressure on ecosystems, as it frees up capital to be reinvested in conservation and sustainable development initiatives.

The political complexity of this solution must be addressed in the short term by advancing with:

- Economic assessment of the current subsidies on impact and sustainability.
- Multi-sector and multi-stakeholder dialogues.
- Implementation of pilot projects.
- Institutional strengthening of government bodies to craft robust environmental policies.
- Evaluation and amendment of current regulatory frameworks.

The proposed financial model for conservation in Ecuador seeks to diversify funding sources and optimize their utilization. It is based on two main pillars: debt-for-nature swaps and reform of harmful subsidies. These mechanisms generate additional resources for conservation, reduce external debt, and redirect public spending.

Funding sources are diverse: the public sector (budget, subsidy reallocation), the private sector (direct investments, green bonds), and international financing (multilateral organizations, climate funds). The proposal is to establish a trust fund to centralize the management of resources derived from debt swaps.

The model advocates a comprehensive approach by integrating public and private financing, encouraging private sector involvement through mechanisms such as payments for environmental services, and fostering public-private partnerships. It aims to maximize the impact of every dollar invested through the multiplier effect and the attraction of private investments.

Sustainability and transparency are crucial; therefore, monitoring and evaluation mechanisms will be implemented to ensure funds are used efficiently and effectively. This financial model presents a unique opportunity for Ecuador to safeguard its biodiversity, promote sustainable development, and enhance its standing in the international community.

STAKEHOLDERS	DUTIES AND RESPONSIBILITIES
Ministry of Environment, Water and Ecological Transition	<ul style="list-style-type: none"> <li>• Oversee environmental regulation in Ecuador, ensuring compliance with standards in the generation of carbon credits.</li> <li>• Coordinate the certification of projects, the regulation of the carbon market and</li> <li>• promote policies that integrate the sustainable use of biodiversity.</li> </ul>
Ministry of Finance	<ul style="list-style-type: none"> <li>• Manage financial resources for carbon markets, including the acquisition and allocation of funds.</li> <li>• Provide tax incentives for environmental projects.</li> <li>• Facilitate access to public and private financing.</li> </ul>



STAKEHOLDERS	DUTIES AND RESPONSIBILITIES
National Planning Secretariat	<ul style="list-style-type: none"> <li>• Integrating carbon markets into the country's strategic planning</li> <li>• Coordinate institutions to align sustainable development policies.</li> <li>• Monitor the impacts on decarbonization and national development goals.</li> </ul>
Ministry of Foreign Affairs and Human Mobility	<ul style="list-style-type: none"> <li>• Set forth and manage diplomatic relations with international organizations and NGOs,</li> <li>• Facilitate the entry of new partners.</li> <li>• Ensure that international cooperation agreements are aligned with harmonization objectives.</li> </ul>
UNDP-Biofin	<ul style="list-style-type: none"> <li>• Provide specialized technical advice in the creation of sustainable financial solutions to support the solution of carbon markets.</li> <li>• Facilitates the integration of diverse funding sources and ensures that projects meet international biodiversity standards.</li> </ul>
Cooperating Partners, Channelers, Executors	<ul style="list-style-type: none"> <li>• Mobilize capital and technical resources for the implementation of biodiversity conservation projects in Ecuador.</li> <li>• Collaborate with national authorities to ensure that projects support key areas and strengthen local capacities.</li> </ul>



## 6. Summary and Action Plan

### 6.1 Role of Key Stakeholders, Governance Framework, and Execution of the Action Plan

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For the execution of financial initiatives and solutions, it is essential to detail the responsibilities and coordination mechanisms required for each financial solution, precisely defining how each stakeholder contributes to the success of the strategy through governance and the execution of specific actions. This collaborative approach ensures that mobilized resources are applied efficiently and effectively.





**Table 6. Role of the Key Stakeholders**

Finance Solution	Key Stakeholder	Role in Governance	Role in Implementation	Specific Responsibilities	Complementary Stakeholders	Coordination Mechanism
Governance and Inter-institutional Coordination	MAATE/ Undersecretariat. Natural Heritage / Biodiversity Directorate	Promote the governance of the National Biodiversity Strategy and its Financing Plan in the Sustainable Finance Roundtable	Lead the implementation of the strategy and ensure the achievement of defined outcomes	<ul style="list-style-type: none"> <li>Coordinate with key stakeholders to establish governance guidelines.</li> <li>Monitor the progress of implemented actions.</li> <li>Streamline the integration of new stakeholders and strategic partnerships.</li> </ul>	Ministry of Economy and Finance.  National Planning Secretariat.	<ul style="list-style-type: none"> <li>Regular meetings of the Sustainable Finance Roundtable to address Biodiversity issues.</li> </ul>
						<ul style="list-style-type: none"> <li>Establishment of a monitoring and reporting system.</li> </ul>
						<ul style="list-style-type: none"> <li>Coordination of actions through interagency cooperation agreements.</li> </ul>
Public Expenditure Optimization	Ministry of Economy and Finance / Sustainable Finance Roundtable	Establish fiscal and budgetary policy guidelines to optimize public expenditure on biodiversity.	Develop and implement financial instruments and monitoring mechanisms focused on biodiversity-related public expenditure.	<ul style="list-style-type: none"> <li>Set criteria for prioritizing budget allocations.</li> <li>Development and implementation of a biodiversity catalog in public sector entities, GAD, and State-Owned Companies.</li> <li>Track the efficiency and effectiveness of public expenditure.</li> <li>Coordinate with other ministries to align policies with biodiversity objectives.</li> </ul>	Ministry of Environment Planning Secretariat. Public sector entities and dependencies, including Decentralized Autonomous Governments (GADs) and State-Owned Companies, International Cooperation, and other stakeholders.	<ul style="list-style-type: none"> <li>Establishment of an interministerial technical committee/task force for designing, coordinating, and monitoring the action plan.</li> <li>Utilization of budget monitoring platforms.</li> <li>Regular reports to the Sustainable Finance Roundtable.</li> </ul>
	Ministry of Environment / Subsecretariat of Natural Heritage	Coordinate biodiversity financing needs with the Ministry of Environment to formulate budgetary policies.	Ensure that resources allocated for biodiversity are implemented in priority programs and projects.	<ul style="list-style-type: none"> <li>Identify financing gaps in biodiversity.</li> <li>Technically justify the required budget allocations.</li> <li>Overseeing the implementation of biodiversity programs.</li> </ul>	Ministry of Finance. - Multilateral financing organizations. - other stakeholders	<ul style="list-style-type: none"> <li>Active participation in the Sustainable Finance Roundtable.</li> <li>Implementation of a management and monitoring system for biodiversity expenditure.</li> </ul>
Environmental accounting and green statistics.	Ministry of the Environment	Lead the integration of environmental accounting into public policy and coordinate the generation of environmental data. Facilitate the incorporation of environmental accounting data by the Central Bank into national accounts and macroeconomic analyses	Design and establish systems for environmental accounting and green statistics reporting.	<ul style="list-style-type: none"> <li>Specify key indicators for environmental accounting.</li> <li>Implement systems for environmental monitoring and data collection.</li> <li>Ensure alignment of national systems with international standards.</li> </ul>	-Central Bank - INEC. - Multilateral organizations. - Sectoral ministries (agriculture, energy, water).	<ul style="list-style-type: none"> <li>Establishment of a technical committee for environmental accounting.</li> <li>Regular meetings among stakeholders.</li> <li>Progress report presented at the Sustainable Finance Roundtable.</li> </ul>



Finance Solution	Key Stakeholder	Role in Governance	Role in Implementation	Specific Responsibilities	Complementary Stakeholders	Coordination Mechanism
Harmonization of International Cooperation for Biodiversity	Ministry of the Environment - International Relations Directorate	Lead the articulation of national biodiversity priorities with the objectives of international cooperation.	Facilitate the implementation of international projects and programs aligned with the National Biodiversity Strategy.	<ul style="list-style-type: none"> <li>Identify and prioritize biodiversity projects to present to donors and international organizations.</li> <li>Ensure the alignment of international cooperation with national objectives.</li> <li>Monitor the implementation of cooperation agreements.</li> </ul>	Ministry of Foreign Affairs. - Multilateral organizations. Decentralized Autonomous Governments Others	<ul style="list-style-type: none"> <li>Establishment of inter-institutional working groups (harmonization groups with international cooperation).</li> <li>Utilize and integrate data with platforms for monitoring and reporting international cooperation (foreign ministry).</li> <li>Generation of joint reports for the Sustainable Finance Roundtable.</li> </ul>
Strengthening the financial system for biodiversity	Private Banks, Public Banks, Cooperatives, and the Securities Market	Develop a regulatory framework and public policies for the securities market, green finance, popular and solidarity economy, insurance, and specific financial products for conservation and sustainability projects.	Implement financial tools such as green loans, sustainable microcredits, and thematic bonds (green, blue).	<ul style="list-style-type: none"> <li>Develop accessible financing programs for Sustainable Communities and Enterprises.</li> <li>Monitor the utilization of resources allocated for projects.</li> <li>Collaborate with key stakeholders to promote economically viable projects.</li> </ul>	Ministry of Environment. - International cooperation. - Banking Supervision Authority. - NGOs and local communities.	<ul style="list-style-type: none"> <li>Establishment of public-private partnerships.</li> <li>Training and capacity-building sessions for financial stakeholders.</li> <li>Public reports on progress.</li> </ul>
Biodiversity clusters in anchor company value chains	CEMDES - CERES or organizations that promote social responsibility, business associations	<p>Act as leaders in the promotion of sustainable clusters integrated by SME anchor companies and local communities.</p> <p>Provide technical assistance and supervise the implementation of environmental policies within the clusters in coordination with MAATE and MIPRO.</p>	Promote the incorporation of sustainable practices in the value chains of the companies associated with these associations and provide technical and financial support to the clusters.	<ul style="list-style-type: none"> <li>Advance sustainable value chains that align with biodiversity conservation objectives.</li> <li>Fund the development and strengthening of clusters or channel financing through the appropriate entities.</li> <li>Generate application for sustainable products and services.</li> </ul>	Ministry of Environment. - Ministry of Foreign Trade, Investment, Commerce, and Fisheries - Local Governments. - Environmental NGOs. - Financial Institutions. - International Cooperation. - Local Communities.	<ul style="list-style-type: none"> <li>Public-private partnership agreements.</li> <li>Establishment of sector-specific working groups.</li> <li>Impact monitoring and follow-up network</li> <li>Reports with results of private biodiversity investment for the Sustainable Finance Roundtable.</li> </ul>
	Local Governments	Facilitate the engagement of local communities and ensure the implementation of sustainable policies at the territorial level.	Provide logistical and administrative support for the development of clusters.	<ul style="list-style-type: none"> <li>Promote the Engagement of local communities with anchor companies.</li> <li>Encouraging the training and technology transfer for communities.</li> <li>Monitoring the territorial impact of clusters on biodiversity.</li> </ul>	Ministry of Environment - MIPRO - Anchor Companies - Sectoral Ministries - International Technical Cooperation - Local Communities and NGOs.	<ul style="list-style-type: none"> <li>Establishment of regional dialogue forums.</li> <li>Inter-institutional Participation Agreements. Environmental and Social Impact Reports.</li> </ul>



Finance Solution	Key Stakeholder	Role in Governance	Role in Implementation	Specific Responsibilities	Complementary Stakeholders	Coordination Mechanism
Strengthening Biodiversity Fund Management	Private Funds	Spearhead the development and enhancement of funds dedicated to the conservation and sustainable utilization of natural resources.	Manage and mobilize financial resources from private entities, public sectors, and international cooperation.	<ul style="list-style-type: none"> <li>Develop targeted financial mechanisms for priority areas such as biodiversity, water, and energy.</li> <li>Ensure transparency in the utilization of resources.</li> <li>Conduct periodic reports on the impact of fund allocation.</li> </ul>	Ministry of Environment. - Private banks and cooperatives. <ul style="list-style-type: none"> <li>International Cooperation.</li> <li>Specialized NGOs.</li> <li>Private companies.</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of a technical committee for fund management.</li> <li>Intersectoral workshops for developing financial strategies.</li> <li>Transparency reports published.</li> </ul>
	Ministry of Environment	Develops policies and regulations to govern the administration of biodiversity-focused funds.	Oversee the adherence to fund objectives and their alignment with national conservation goals.	<ul style="list-style-type: none"> <li>Provide the legislative and policy framework for the establishment and operation of these funds.</li> <li>Ensure coordination between existing funds and new mechanisms. Promote public-private partnerships for financial sustainability.</li> </ul>	Existing Funds <ul style="list-style-type: none"> <li>new funds</li> <li>Private Banks.</li> <li>Local Governments.</li> <li>International Cooperation.</li> <li>Local Communities.</li> </ul>	<ul style="list-style-type: none"> <li>Working groups involving public and private stakeholders - Joint reports between the Ministry of Environment and funding bodies</li> <li>-Multi-stakeholder Dialogue Platforms.</li> <li>- Coordination with Sustainable Finance Roundtable</li> </ul>
Financial Sustainability in Protected Areas • Management Model	Ministry of Environment	Spearhead the development and execution of sustainable financing strategies for protected areas.	Oversee the implementation of financial mechanisms and ensure their alignment with conservation objectives.	<ul style="list-style-type: none"> <li>Establish a self-sustaining management system that ensures the preservation of biodiversity within Ecuador's protected areas.</li> <li>- Enhance the mobilization of international and private funding for conservation efforts.</li> <li>Develop sustainable revenue streams through responsible economic activities and public-private partnerships that support the financial self-sufficiency of the SNAP.</li> </ul>	Ministry of Economy and Finance, Public Financial Institutions, Private Investors and International Cooperation, Non-Governmental Organizations and other International Partners	<ul style="list-style-type: none"> <li>Creation of an Inter-institutional Committee on Financial Sustainability.</li> <li>Topic-specific working groups.</li> <li>Annual Management and Transparency Reports.</li> </ul>
<b>Innovative Financial Mechanisms for Conservation</b>						
Debt-for-nature swaps	Ministry of Finance	Lead international negotiations to structure debt-for-nature swaps agreements for environmental conservation.	Direct and manage the released funds towards prioritized conservation projects within the country.	<ul style="list-style-type: none"> <li>Negotiate the swap terms with international creditors.</li> <li>Ensure the reinvestment of resources in biodiversity projects.</li> <li>Establish monitoring mechanisms for the efficient use of generated funds.</li> </ul>	Ministry of Environment. <ul style="list-style-type: none"> <li>Multilateral Organizations.</li> <li>International Cooperation.</li> <li>National and International Financial Institutions.</li> </ul>	<ul style="list-style-type: none"> <li>Creation of an interministerial committee for the design of the agreement.</li> <li>- Audit and compliance reports to creditors and national stakeholders.</li> </ul>



Finance Solution	Key Stakeholder	Role in Governance	Role in Implementation	Specific Responsibilities	Complementary Stakeholders	Coordination Mechanism
	Ministry of Environment	Identify priority areas for the allocation of resources generated by the swap.	Monitor and oversee the implementation of conservation projects funded by the swap resources.	<ul style="list-style-type: none"> <li>• Provide technical inputs to Define conservation priorities.</li> <li>• Ensure that projects comply with environmental and social standards.</li> <li>• Facilitate Articulation with other key Stakeholders in conservation and development.</li> </ul>	Ministry of Finance. • Environmental NGOs. • Local Governments. • International Cooperation. • Local Communities.	<ul style="list-style-type: none"> <li>• Joint sessions between the Ministry of Environment and Finance to establish priorities. Collaborative monitoring of conservation impacts.</li> </ul>
Elimination of Subsidies Harmful to Biodiversity	Ministry of Economy and Finance	Lead the economic analysis of harmful subsidies and propose reforms in fiscal policy.	Execute these fiscal reforms and redirect resources towards sustainable and conservation-focused initiatives.	<ul style="list-style-type: none"> <li>• Conduct an inventory and economic assessment of subsidies detrimental to biodiversity.</li> <li>• Propose regulatory changes for the progressive elimination of these subsidies.</li> <li>• Ensure the effective reallocation of freed resources towards priority conservation and sustainability projects.</li> </ul>	Ministry of Environment. • International Cooperation. • Private Sector. • Local Governments. • Multilateral Organizations.	<ul style="list-style-type: none"> <li>• Creation of interministerial technical roundtables.</li> <li>- Economic and social impact assessments.</li> <li>- Consultation workshops with key stakeholders.</li> </ul>
	Ministry of Environment	Assess the detrimental impacts of subsidies on ecosystems and prioritize areas for resource reallocation.	Monitor and oversee the environmental impacts of implemented reforms.	<ul style="list-style-type: none"> <li>• Provide technical input on the negative effects of subsidies on biodiversity.</li> <li>• Facilitate multisectoral dialogues to promote social acceptance of the reforms.</li> <li>• Engage in identifying priority areas for resource reallocation.</li> </ul>	Ministry of Finance. - Local Governments. - Environmental NGOs. - International cooperation. - Local Communities.	<ul style="list-style-type: none"> <li>• Regular Inter-institutional Consultations.</li> <li>- Monitoring and evaluation of the social and environmental impacts of the reforms</li> </ul>



## 6.2 Action Plan for each Finance Solution

An overview of the key components of the plan is presented, organizing actions into strategic categories to facilitate implementation and monitoring. This approach enables the identification of synergies between initiatives and optimizes resources, ensuring that each action effectively contributes to biodiversity conservation and financing objectives in Ecuador

Table 7. Action Plan for each Finance Solution

Initiative	Action	Description	Expected Results	Required Resources	Monitoring Indicator	Responsible Party
1. Governance and Inter-Institutional Coordination	Establish a framework for Biodiversity Finance Coordination, which includes, at a minimum: <b>Appointment of coordinators</b> for biodiversity funding. Formation of a Steering Committee Establishment of a Biodiversity Finance Unit.	Creation of a Steering Committee as a standing body for inter-ministerial coordination, formally established through a governmental decree and responsible for implementation (it could be part of the Sustainable Finance Roundtable)  Empower and enhance the organizational capacity of national institutions to advance and manage Biodiversity Financing for the future.  Establish a framework for coordinating Biodiversity Financing: Appointment of biodiversity financing coordinators in the Ministries of Environment and Finance Establishment of a biodiversity finance unit	Administrative resolution approving the Biodiversity Finance Plan, sanctioned by the relevant authorities of the Ministry of Environment, Water and Ecological Transition (MAATE).	Skilled human resources assigned to coordinate Biodiversity Financing at MAATE and the Ministry of Economy and Finance (MEF).	Biodiversity Finance Plan approved.  # coordinators planned / # coordinators appointed to manage Biodiversity Financing.  Planned Steering Committee / Appointed Steering Committee  Planned Steering Committee sessions / Steering Committee sessions  Biodiversity Finance Unit established through an administrative resolution	Ministry of Environment, Water and Ecological Transition MAATE  * Ministry of Economy and Finance - MEF



Initiative	Action	Description	Expected Results	Required Resources	Monitoring Indicator	Responsible Party
	Analysis and formalization of the biodiversity finance plan by the competent entities.	Biodiversity Finance Plan reviewed and endorsed by the appropriate bodies of the MAATE through an administrative resolution	Administrative resolution establishing the Biodiversity Finance Plan sanctioned by the relevant MAATE authorities.	Trained human resources designated for coordinating Biodiversity Finance within MAATE and MEF.	Approved Biodiversity Finance Plan	Ministry of Environment, Water and Ecological Transition MAATE  Ministry of Economy and Finance – MEF Planning Secretariat
2. Public Expenditure Optimization	Inception and planning, Development, Implementation, Monitoring and Evaluation, and Sustainability.  Incorporating the initiative within the Sustainable Finance Roundtable.	It is imperative to ensure that the funds allocated by public institutions are utilized effectively and efficiently, prioritizing outcomes that align with development and biodiversity conservation.  Strengthening institutional capacities and coordination among key entities is essential for the implementation of a results-based budgeting system, focused on accountability and transparency.	Deliver Better: Enhancing efficiency in public expenditure. Avoid Future Expenditures. Realign Expenditures: Optimization of resource allocation, reduction of public debt. Narrowing the implementation gaps between 2025 and 2030	Trained human resources Regulations communicated and enforced	Optimize the use and execution of biodiversity expenditure projected for the years 2025-2030, ranging from US\$ 1.4 million to 72.65 million	Ministry of Environment, Water and Ecological Transition MAATE  Ministry of Economy and Finance - MEF Secretariat of Planning Public Sector Entities including GAD and EP
3. Environmental Accounting and Green Statistics	Initiation and Planning, Development, Implementation, Monitoring and Evaluation, and Sustainability	Highlight the socioeconomic value of biodiversity and ecosystem services. Quantify the impacts of human activities on the environment. Providing decision-makers with the information needed to adopt more sustainable policies. Prioritize investment in biodiversity conservation. Strengthen environmental management and evidence-based decision making.	Deliver Better: Enhancing efficiency in public expenditure. Avoid Future Expenses. Realign Expenditures.	Strengthening of BCE's capacities for green finance is underway for the next 18 months.	National accounts that pinpoint the economic sectors with the greatest environmental impact. Quantification of public investment in biodiversity and conservation, and identification of financing gaps with the integration of a gender perspective. A reliable and up-to-date environmental statistics system.	Central Bank of Ecuador-BCE  Institute of Statistics and Censuses - INEC  Ministry of Environment, Water and Ecological Transition MAATE  * Ministry of Economy and Finance – MEF



Initiative	Action	Description	Expected Results	Required Resources	Monitoring Indicator	Responsible Party
4. Harmonization of International Cooperation	Initiation and Planning, Development, Implementation, Monitoring and Evaluation, and Sustainability	Efficiently and transparently mobilize international cooperation resources. Maximize the impact of cooperation in promoting the sustainability of public policies and fulfilling Ecuador's environmental and climate commitments, aligned with the sustainable development agenda.	Deliver Better: Enhancing efficiency in public expenditure Avoid Future Expenditures: Generate Revenues Realign Expenditures	Establishment of a harmonization roundtable for international cooperation led by the Ministry of Environment and Water (MAATE), coordinating efforts with the Ministry of Foreign Affairs.  Integration of data managed by MAATE with the Ministry of Foreign Affairs' platform.	Establishment of a Biodiversity Finance Harmonization Roundtable  Increased mobilization of resources for biodiversity from international cooperation.	Ministry of Environment, Water and Ecological Transition MAATE  * Ministry of Economy and Finance – MEF  Ministry of Foreign Affairs
5. Strengthening the financial system for Biodiversity Finance	Initiation and Planning, Development, Implementation, Monitoring and Evaluation, and Sustainability	Strengthening the enabling conditions of the public and private financial system, as well as the popular and solidarity economy, to finance projects that promote biodiversity conservation and sustainable use of natural resources. Through the establishment of a favorable regulatory environment, the issuance of green financial products such as bonds and credits, and the integration of ESG criteria.	Deliver Better: Enhancing efficiency in public expenditure Avoid Future Expenditures: Generate Revenues Realign Expenditures	Approval of Sectoral Taxonomies  External Cooperation in Capacity Building	Enhancement of Biodiversity Credit Allocation / Private Investment.  Increased public funding oriented to biodiversity.  Public and private investment in biodiversity related projects.	Ministry of Environment, Water and Ecological Transition MAATE  * Ministry of Economy and Finance – MEF  Financial Regulation and Policy Board Public Banking Private Banking CONAFIPS EPS Sector Private Companies Stock Exchanges Insurance Companies International Cooperation and Banking
6. Biodiversity Clusters in Value Chains	Initiation and Planning, Development, Implementation, Monitoring and Evaluation, and Sustainability	These productive clusters will enable large corporations to spearhead a collaborative effort with their suppliers to implement conservation initiatives that yield economic, social, and environmental benefits on a national scale.	Avoid Future Expenditures: Generate Revenue	Promotion, Communication, and Support from MAATE and MIPRO as a Foundation for Biodiversity Cluster Formation Aligned with NSAP	Increase in Private Investment in Biodiversity Growth in Green Jobs	Ministry of Environment, Water and Ecological Transition MAATE  * Ministry of Economy and Finance – MEF  Private Sector,  NGOs that promote social responsibility



Initiative	Action	Description	Expected Results	Required Resources	Monitoring Indicator	Responsible Party
7. Strengthening Fund Management	Initiation and Planning, Development, Implementation, Monitoring and Evaluation, and Sustainability	<b>Enhancing existing private and public funds and establishing new funds</b> to manage projects related to the conservation and sustainable use of natural resources in Ecuador	Avoid Future Expenditures: Generate Revenue	Capacity Building.  Facilitation of agreements between business associations that advocate for corporate social responsibility initiatives and private funding.  Regulatory frameworks and normative instruments.	Enhancing investment through biodiversity funds	Ministry of Environment, Water and Ecological Transition - MAATE Ministry of Economy and Finance - MEF CERES, Ecuadorian Council for Social Responsibility FIAS Environmental and Social Investment Fund Other Funds Water Regulation and Control Agency (ARCA) Decentralized Autonomous Governments (GADs) Non-Governmental Organizations (NGOs) and Water Funds Water Users (Community, Enterprises, Agriculture) UNDP-Biofin, National Project Coordinator BIOFIN. Partners
8. Financial Sustainability of Protected Areas	Initiation and Planning, Development, Implementation, Monitoring and Evaluation, and Sustainability	An autonomous management model is proposed for the National System of Protected Areas (NSPA) of Ecuador, with administrative and financial autonomy. This framework enables the acquisition and management of resources through commercial trusts, public-private partnerships, and self-generated income mechanisms such as ecotourism, environmental services, concessions, and carbon credits. Its goal is to ensure the sustainability of protected areas and reduce reliance on state budgets.	Deliver Better Avoid Future Expenditures Generate Revenue	Regulatory and Institutional Framework	National Environmental Management Fund (FNGA) consolidated  Number of Protected Areas with an implemented tariff system	Ministry of Environment, Water, and Ecological Transition (MAATE), Ministry of Tourism, Ministry of Economy and Finance (MEF), Public Financial Institutions, Private Investors, and International Cooperation, Non-Governmental Organizations (NGOs) and International Partners, Decentralized Autonomous Governments, and the Private Sector (Tour Operators and Service Companies).



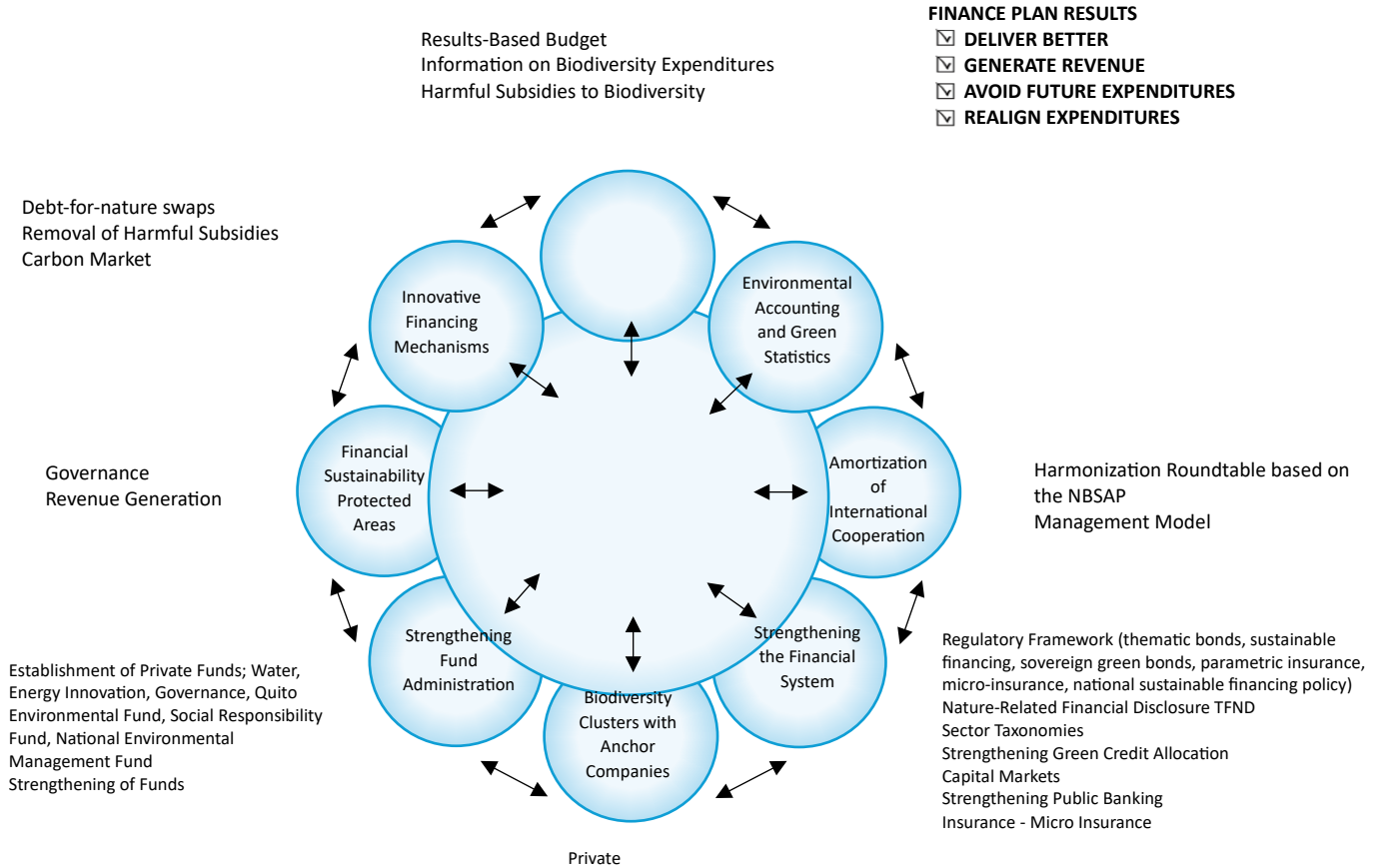


Initiative	Action	Description	Expected Results	Required Resources	Monitoring Indicator	Responsible Party
9. Innovative Financial Mechanisms	Initiation and Planning, Development, Implementation, Monitoring and Evaluation, and Sustainability	Innovative strategies such as <b>debt-for-nature swaps</b> and <b>the removal of harmful subsidies for biodiversity</b> , with the aim of generating additional resources for conservation and promoting sustainable practices, additionally <b>carbon markets</b> .	Deliver Better: Enhance Efficiency in Public Expenditure Prevent Future Expenses: Generate Revenues Realign Expenditures	Monitoring and documentation of outcomes from debt-for-nature swaps as part of the NBPAS. Policy decisions to facilitate carbon markets.	additional financial resources generated for conservation and biodiversity.	Ministry of Environment, Water and Ecological Transition MAATE  * Ministry of Economy and Finance – MEF  National Planning Secretariat Ministry of Foreign Affairs and Human Mobility UNDP-Biofin Cooperating Partners, Channelers, Executors



## 6.3 Relationship between the Different Finance Solutions

Graph 6: Relationship between Finance Solutions



Within the framework of the Biodiversity Finance Plan, governance and inter-institutional coordination form the central axis that structures and enhances the effectiveness of the various proposed financial solutions. This interconnection is evidenced in each solution's ability to interact and bolster the efforts of others, aligning with the goals of the national biodiversity strategy (NBS). Through robust governance structures and effective coordination among national and international institutions, there is an alignment of interests, funding streams, and public policies that enhance both the financial sustainability of projects and their positive impact on biodiversity.

The relationship between various solutions, such as optimizing public expenditure and implementing environmental accounting and green statistics, underscores the need to maximize available resources and generate reliable data that facilitates informed decision-making. With a robust environmental accounting system, it is possible to assess the effectiveness of expenditure and adjust policies based on the outcomes, creating a cycle of continuous improvement that enhances the efficiency of all financial solutions. Additionally, aligning international cooperation with national strategies ensures a steady flow of resources and expertise, aligning with local priorities and optimizing foreign investment to secure the conservation and sustainable use of natural resources.

Ultimately, solutions such as strengthening the financial system, establishing biodiversity clusters within the value chains of anchor companies, and adopting innovative financial mechanisms are notable for



their ability to mobilize and diversify funding streams. These efforts connect private sector stakeholders and create a conducive environment for biodiversity investment. When integrated into a coordinated system, these mechanisms enhance the financial resilience of protected areas and promote the sustainability of biodiversity-focused funds, thereby contributing to the achievement of national strategic goals. The interdependence of all these solutions, unified by strong governance, ensures a systemic and comprehensive approach to the implementation of the finance plan, facilitating the attainment of sustainable long-term results.



# 7. Annexes

In-Depth Feasibility Analysis or Detailed Technical Proposals for Each Finance Solution.

The following annex presents the detailed technical proposals for each initiative and the proposed finance solutions:

## I. Proposed initiatives for Biodiversity Finance

1. Governance and Inter-Institutional Coordination
2. Public Expenditure Optimization
3. Environmental Accounting and Green Statistics
4. Harmonization of International Cooperation
5. Strengthening the financial system for Biodiversity Finance
6. Biodiversity Clusters in Value Chains
7. Strengthening the Administration of Funds for Biodiversity
8. Financial Sustainability of Protected Areas
9. Innovative Financial Mechanisms for Biodiversity

The structure of each file is as follows:

Table 7. *Technical Data Sheet for the Proposed Finance Solution*

Name of the Finance Solution
<b>SUMMARY DATA SHEET</b>
Description of the Finance Solution
Justification
Scope and Coverage
Current Status
Feasibility
Financial Model
Economic and Environmental Benefits
Risks and Mitigation Strategies
Key Stakeholders and Roles
Success Indicators
Recommendations



## II. Overall Action Plan.

Table 8. Short Term Actions

Financial Initiative	Initiative	Key Stakeholders	Responsible Organization	Term	Goal	Capacity development or institutional change needed to assume the mandate	Existing Gaps	Existing Resources
Governance and Inter-Institutional Coordination	New Initiative	MAATE MEF Sustainable Finance Roundtable, Planning Secret. Other Stakeholders	MAATE, Undersecretariat of Natural Heritage, Biodiversity Management	2-3 years	Achieve effective coordination between governmental entities and key sectors for biodiversity.	Establishment of inter-institutional committees; capacity building in coordination, planning, and the development of data banks and information to meet CBD requirements, restructuring the functional organic structure of the MAATE to include an environmental finance unit and funding for biodiversity.	Lack of coordination between sectors and levels of government. And within the MAATE	Sustainable Finance Roundtable recently created by MEF, MAATE, and the General Planning Secretariat
Public Expenditure Optimization.	New Initiative	MAATE, MEF, Sustainable Finance Roundtable, State Budget Entities, Local Government Units, and Public Enterprises. Planning Secretariat and Development Partners	MEF, Undersecretariat of Budget under the supervision of the Sustainable Finance Roundtable	3-4 years	Enhance the efficiency of public resource utilization in biodiversity initiatives and bridge the execution gap	Implementation of monitoring and evaluation systems for public expenditure related to biodiversity.	Lack of awareness about biodiversity-related expenditure, absence of a specific biodiversity catalog, and inadequate implementation within public entities, GADs, and State-Owned Companies	The eSIGEF system can be adapted to record biodiversity expenditure information, alongside a climate change catalog.
Environmental Accounting and Green Statistics.	Existing Initiative	MAATE, BCE, INEC, Other Stakeholders	MAATE	0-2 years	Incorporate environmental accounting as part of national economic planning.	Inclusion of environmental accounts in national accounting systems. Capacity building to incorporate environmental accounting and green statistics into national economic policy planning.	Lack of awareness among civil society and other sectors about the existence of environmental accounting and green statistics, and the critical importance of this information for decision-making. Technical capacity development to enhance the collection and analysis of environmental data; establishment of national environmental accounts.	Several environmental accounts have been established, with the most recent being the Bioeconomy account.



Financial Initiative	Initiative	Key Stakeholders	Responsible Organization	Term	Goal	Capacity development or institutional change needed to assume the mandate	Existing Gaps	Existing Resources
Harmonization of International Cooperation.	New Initiative	Ministry of Environment, Foreign Affairs, Donors, GADs, Other Stakeholders.	MAATE	3-4 years	Maximize the impact of international resources for biodiversity.	Creation of mechanisms to coordinate international cooperation and align projects with national priorities.	Fragmentation of efforts and lack of alignment with national strategies.	First working groups organized by the Management of International Cooperation of MAATE with partners in which the needs of the National Biodiversity Plan must be integrated
Strengthening the financial system for biodiversity financing.	Existing Initiatives	MAATE JPRF Conafip Seps Asobanca BVQ Private Banking Public Banking Cooperatives, Other Stakeholders	MAATE	0-2 years	Increase private financing in biodiversity projects.	Training in green and sustainable finance; development of regulatory frameworks to incentivize investments in biodiversity.	Lack of incentives for private investment in biodiversity. Lack of approval of sustainable green taxonomy	Various financial solutions implemented in financial sectors, stock markets, popular and solidarity economy, other initiatives in progress
Biodiversity clusters within the value chains of key enterprises	New Initiative	MAATE, MIPRO, CERES, CEMDES, Business Associations, NGOs promoting sustainability, Local Governments, SMEs, Civil Society	Guilds, others	0-2 years	# clusters formed Establish sustainable clusters that integrate biodiversity and generate economic and environmental benefits.	Training in the development of sustainable clusters; creation of tax incentives for companies that incorporate biodiversity into their value chain.	Disconnection between anchor companies and local actors; lack of replicable models, lack of governmental support for private initiatives	Several existing initiatives, such as CEMDES, require support. These biodiversity investment data could provide the private sector's insights into biodiversity expenditure.
Strengthening the management of biodiversity funds.	New Initiative	MAATE, Private Funds, GADs, Others	MAATE, CERES, FIAS, Other Private Funds	0-2 years	Enhance the management and effectiveness of funds allocated to biodiversity.	This involves training in financial management, strengthening audit systems and transparency in fund administration, as well as providing training and support to the private sector for investments in projects that promote conservation and biodiversity, aligned with the National Biodiversity Strategy.	Lack of awareness regarding the efficiency of existing fund management, need for the creation of new funds, and activation of the Fund account through the FIAS or another private fund. The entrepreneurship and innovation law in its final transitional provisions has not established funds to promote seed capital and capital funds.	There are private investment initiatives where corporations allocate resources to social responsibility, aiming to create a social responsibility fund. Significant progress has been made on these issues, yet the creation of an account within a private fund is still pending. It is proposed to revive this initiative, which would contribute resources to biodiversity investment.



Financial Initiative	Initiative	Key Stakeholders	Responsible Organization	Term	Goal	Capacity development or institutional change needed to assume the mandate	Existing Gaps	Existing Resources
							Angel funds, venture capital funds, and other types of investment funds urgently require a regulatory framework from the Financial Policy and Regulation Board to channel resources into sustainable enterprises.	
Financial Sustainability in Protected Areas	Initiative Stopped	MAATE	Maate, MEF, Public Financial Institutions, Private Investors, International Cooperation, NGOs, and other sectors.	0-2 years	Ensure the long-term financial sustainability of protected areas.	Training in local revenue generation mechanisms, such as sustainable tourism; strengthening legal frameworks for the management of protected areas.	The National System of Protected Areas lacks governance, administrative, and financial autonomy, which prevents it from funding its needs.	There are initiatives and consultancies submitted to MAATE with governance and self-management mechanisms for the protected areas system through income generation from fees and charges.
Innovative Mechanisms: Debt-for-Nature Swaps	Existing Initiative	MAATE, MEF, MAGAP, MTOP, Planning Secretariat, Public Banking, International Financial Institutions, International Cooperation Agencies, NGOs, Communities, Others	MEF	3-5 years	Implement debt-for-nature swaps that substantially aid in biodiversity conservation while alleviating the burden of external debt.	Enhance capacity building in the negotiation and design of international financial instruments.	Limited experience in negotiating debt-for-nature swaps; the results are still uncertain.	Ecuador has already carried out debt swaps, the first one in 2023 and a new swap at the end of 2024,





### III. Resource Mobilization Strategy for Plan Implementation:

The resource mobilization strategy for executing the Biodiversity Finance Plan is pivotal in ensuring the availability of funds necessary to meet strategic objectives and bridge funding gaps. This strategy aims to attract, optimize, and diversify resource sources, aligning national and international efforts for a sustainable and effective impact on biodiversity conservation.

Issue	Description
Analysis of Financing Gaps	<p>Identification of funding gaps in public expenditure due to low budget execution in biodiversity allocations.</p> <p>Funding gap in public expenditure arises from the need to eliminate harmful subsidies to biodiversity and redirect those resources towards conservation.</p>
Identification of Funding Sources	<p>Identified sources include:</p> <ul style="list-style-type: none"> <li>• <b>National:</b> Public Expenditure Optimization, corporate social responsibility funds, revenues from protected areas, and public banking for biodiversity development projects.</li> <li>• <b>International:</b> Multilateral Cooperation, Biodiversity Funds, and Debt-for-nature Swaps Programs.</li> <li>• <b>Private:</b> Investments by anchor companies in biodiversity clusters and private financing through green financial products.</li> </ul>
Fundraising Strategies	<ul style="list-style-type: none"> <li>• <b>Optimizing public expenditure,</b> redirecting expenditure from institutions with low execution rates, and eliminating subsidies that harm biodiversity, channeling these funds into conservation projects.</li> <li>• <b>Encouraging private investments</b> through fiscal and regulatory incentives (double deductibility), awards, certifications, and other measures.</li> </ul> <p>promoting the creation of biodiversity clusters.</p> <ul style="list-style-type: none"> <li>• <b>Green financing lines,</b> offering favorable terms and rates that directly benefit credit recipients for loan allocation.</li> <li>• <b>Incentives for international cooperation,</b> by managing donor contributions and debt-for-nature swaps, presenting a clear national position where the NBSAP explicitly outlines priority investment areas and seeks harmonized international cooperation, avoiding duplication of efforts and addressing key issues.</li> </ul>



Issue	Description
Inter-Institutional Coordination Mechanisms	Through the 'Sustainable Finance Roundable,' secure support at the highest level responsible for governance, communication, and coordination among Stakeholders to monitor and generate results in Biodiversity Financing. This forum should be led by the Ministry of Environment, Water, and Ecological Transition (MAATE), with contributions from key ministries and secretariats, subnational governments, the public and private financial sectors, civil society representatives, productive sectors, social responsibility groups, and vulnerable sectors to coordinate the design and implementation of financial policies for biodiversity.
Strengthening capacities and institutional framework.	Strengthening capacities within both the public and private sectors to manage resources with transparency and efficiency, incorporating environmental accounting practices and the use of green statistics. Training local stakeholders and NGOs for project implementation and fund management.
Investment Prioritization and Mobilization Timeline	Identification and prioritization of investments in key areas based on a work plan agreed upon through the 'Sustainable Finance Roundtable,' with a phased fundraising schedule, starting with high-impact projects yielding short-, medium-, and long-term results.
Monitoring and evaluation of resource mobilization	Development of a monitoring system to assess the effectiveness of fund acquisition and utilization. The system will incorporate indicators to measure expenditure execution, the impact of innovative financial mechanisms, the implementation of financial solutions, and the level of compliance with biodiversity objectives set by the National Biodiversity Strategy and Action Plan.

## IV. Summary of the BIOFIN Process:

During the development and validation of the Biodiversity Finance Plan, we adhered to the following phases:

### 1. DEVELOPMENT OF THE PLAN

The process of preparing the Biodiversity Finance Plan under the BIOFIN methodology began with a comprehensive diagnostic phase of policies, programs, and financial flows related to biodiversity. This assessment involved identifying funding gaps and needs to meet national conservation and sustainable development goals. The BIOFIN methodology provided a structured framework, enabling the technical team to analyze financial flows from both the public and private sectors.



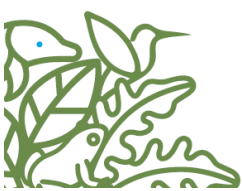
## Key phases of the process:

- **Documentary Review:** The update of the (PIR), the National Biodiversity Strategy, and its Action Plan was reviewed. The current funding flows and expenditures dedicated to public and private biodiversity were identified and quantified. Multiple national and international information sources were also investigated to identify stakeholders, initiatives, projects, and investment in biodiversity.
- **Evaluation of biodiversity expenditure (BER):** Financial flows and current expenditures allocated to biodiversity, both public and private, were identified and quantified using information from the general state budget and available data from other sectors.
- **Financial Needs Assessment (FNA):** The necessary public financial resources were estimated to meet the long-term biodiversity objectives, aligned with the National Biodiversity Strategy and Action Plan (NBSAP) in effect at the time of the study.
- **Analysis of existing financial mechanisms:** A review was conducted of the current financial instruments and policies that support biodiversity conservation, identifying those that could be strengthened or redirected to maximize their impact.
- **Design of finance solutions:** New initiatives and innovative financial and policy strategies were formulated to increase investment in biodiversity.
- **Plan Validation:** The draft plan, which consisted of three products, underwent a series of reviews with the BIOFIN team and with the Management of Biodiversity of the Ministry of Environment, Water and Ecological Transition and was shared with key stakeholders. These stakeholders validated the Plan's findings and recommendations through workshops and technical meetings. As part of the action plan, it is anticipated that the National Biofin Coordination will continue to disseminate the financing strategy across various levels of civil society, fostering capacity building to ensure the strategy's implementation.

## 2. STAKEHOLDERS

The process entailed engaging, consulting, and validating the plan with a diverse array of stakeholders, both domestic and international, including:

<b>PUBLIC SECTOR</b>	
<b>FINANCE</b>	Ministry of Finance MEF
<b>ENVIRONMENT</b>	Ministry of the Environment MAATE
<b>PRINCIPAL PUBLIC FINANCIAL AUTHORITIES AND SECTOR REGULATORS</b>	Financial Policy and Regulation Council JRF Superintendency of Banks
<b>PUBLIC BANKING SECTOR</b>	
<b>PUBLIC BANKING and OTHERS</b>	BCE Central Bank of Ecuador [Banco Central de Ecuador] INEC National Institute of Statistics and Censuses BDE Development Bank of Ecuador (Banco de Desarrollo del Ecuador) BanEcuador
<b>POPULAR AND SOLIDARITY ECONOMY SECTOR</b>	
<b>POPULAR AND SOLIDARITY ECONOMY</b>	CONAFIPS National Corporation of Popular and Solidarity Finance Corp. [Corp. Nacional de Finanzas Populares y Solidaria]. SEPS Superintendence of Popular and Solidarity Economy
<b>PRIVATE SECTOR</b>	
<b>FINANCIAL PRIVATE SECTOR</b>	Quito Stock Exchange BVQ Private Banking Association of Ecuador [Asociación de Bancos Privados del Ecuador, ASOBANCA] Environmental and Sustainable Investing Fund FIAS
<b>SOCIAL RESPONSIBILITY</b>	CEMDES Business Council for Sustainable Development



	CERES Network of Social Responsibility Organizations and Sustainability in Ecuador
<b>INTERNATIONAL AND INTERNATIONAL COOPERATION ECUADOR</b>	
<b>INTERNATIONAL COOPERATION</b>	Ministry of Foreign Affairs of Ecuador. WWF World Wildlife Fund
<b>DEVELOPMENT BANKS</b>	CAF Andean Development Corporation German Development Bank KFW
<b>SUBNATIONAL GOVERNMENTS</b>	
<b>SUBNATIONAL GOVERNMENTS</b>	CONGOPE Consortium of Autonomous Provincial Governments

The main contributions received from the stakeholders were as follows:

- Identifying needs and expectations specific to Ecuador involved gathering financing needs through consultation and validation with key Stakeholders, with whom in-depth interviews, surveys, information gathering were conducted, and from whom the necessary data for analysis was collected. 19 interviews were conducted with key stakeholders and experts.

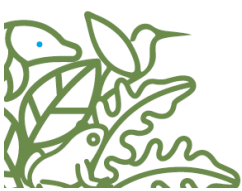
Based on the information gathered, initiatives, proposals, activities, and projects were identified in various stages: some are currently underway, others have been previously submitted and are awaiting approval, while some were not pursued further or deemed unfeasible at the time. Additionally, there are initiatives that are currently seeking conditions to ensure their feasibility. Most of these efforts have been uncoordinated, making the development of the National Biodiversity Action Plan (ENBPA) a pivotal opportunity to synchronize and reinforce these efforts in line with national priorities.

The contributions from various stakeholders were essential in gathering the necessary information for this report; some notable contributions are highlighted below:

- **Ministry of Environment:** Facilitated the processes to ensure that the Biodiversity Finance plan is developed in alignment with the National Biodiversity Strategy and its mid-term update for 2025-2030, allowing us to participate in its updating process. Continually engaging with various stakeholders, it also provided information on strategic institutional planning, project portfolios, and the Directorate of Biodiversity reviewed and approved the outputs that are part of the Biodiversity Finance Plan and coordinated stakeholder engagement, in addition to the progress in environmental accounting.
- **Ministry of Finance:** Information on public expenditure 2019-2023 from the General State Budget and brochures guiding expenditure on environmental policies and climate change, base information that allowed us to conduct the biodiversity expenditure review (BER).
- **Board of Financial Policy and Regulation:** Financial regulations issued for financial inclusion, new regulatory projects on which they are working for the regulation of sectors such as insurance, reinsurance guarantees, parametric insurance in the agricultural sector, financial taxonomy and, additionally, provided us with a comprehensive view of the opportunities for improvement for better inter-institutional coordination.
- **Superintendency of Banks:** An integrated perspective of the financial system, the regulatory framework, and existing policies; progress in implementing the Environmental and Social Risk Assessment and Management standards within financial institutions; policies and regulations being developed to manage financial risks associated with climate change, known as the 'Climate Change Regulation.' The main gaps in financing and reporting sustainable investment and biodiversity conservation were analyzed, along with existing green initiatives in the financial system and expectations regarding the sector's Biodiversity Finance needs.



- **BCE:** Process of capacity building to be undertaken over the next 18 months, called 'Greening the Central Bank,' aimed at initiating the development of statistics, climate risk analysis, application of ESG criteria, and the establishment of green studies and statistics.
- **Public Banking:** Banecuador and the Development Bank of Ecuador provided us with information on their portfolio over the past five years concerning biodiversity and green loans. This data has been instrumental in acquiring key figures for the BER analysis. As the entity financing subnational government projects, the BDE disclosed significant figures that allow us to estimate the investment of GADS. Meanwhile, Banecuador is beginning to offer green loans, enabling us to project growth.
- **CONAFIPS:** We were presented with the results of his flagship projects, placements in biodiversity that are visualized in the EPS with the application of SARAS, hidden portfolio, advances in sectoral taxonomies, bioeconomy, green placements, identification of hidden green basket, green disclosures about nature, and future projections of placements, existing gaps, and future opportunities.
- **SEPS:** Information regarding the regulations promoted across various issues, including the social and environmental risk management standard, sectoral taxonomy, and data laboratory. The gaps, limitations, and opportunities for improvement were identified to enhance information on biodiversity portfolio allocation.
- **Quito Stock Exchange BVQ:** Provided data on thematic bond issuances conducted over the past five years by the financial system, an entity of the popular and solidarity economy, and a productive sector entity. This information allowed us to analyze expenditure, and we also received insights on the Green, Social, and Sustainable Bonds Guide for Ecuador. Lastly, forward-looking perspectives were shared.
- **ASOBANCA:** Information regarding the allocation of portfolios in the financial sector (sustainable, social, and green). Data on allocations over the past five years was received, along with growth projections for the upcoming years
- **FIAS:** Provided us with an overview of the investment fund's operational scope and ongoing projects
- **CEMDES:** Information on ecosystem services valuation projects, Bio Allies, innovation and clusters in anchor companies in supply chains in favor of biodiversity, make proposals for the future in inclusive business in protected areas.
- **CERES:** Information on the FRSS Social Responsibility and Sustainability Fund project and on Bio Allies.
- **Ministry of Foreign Affairs of Ecuador:** Provided us with critical information from the Ecuadorian Ministry's International Cooperation Map, which records investments made by international partners in Ecuador, categorized by cooperating country, type of entity, source country or organization, and region within Ecuador. This is a crucial input for expenditure analysis (BER)
- **WWF World Wildlife Fund and WCS:** They provided us with several initiatives and consultancy services aligned with the financing plan, which reference the governance and financial sustainability model of protected areas and the Analysis of sustainable financing mechanisms,
- **CAF:** It is one of the primary catalysts for Biodiversity Finance in Ecuador. They provided us with technical assistance to the public and private financial system for implementing SARAS, aimed at developing green financial products, bio-businesses, as well as projects to enhance and improve monitoring and surveillance in protected areas, marine zones, eradication of invasive species, ecological restoration that includes species relocation, binational plans and future prospects, and investment funds to boost financial incentives, among others.
- **KFW:** They provided us with details on biodiversity investments made in Ecuador over the past five years, current projects, and opportunities to enhance coordination for cooperation in Ecuador.
- **CONGOPE:** Financing policies and strategies aligned with the National Biodiversity Strategy (ENB), global estimates of biodiversity expenditure by provinces, financing needs, ongoing biodiversity-related projects, current training and capacity-building initiatives, and applied financial mechanisms. Additionally, information was exchanged regarding the Protected Areas and Conservation Units (ACUS), their gaps, and opportunities.



### 3. SOURCES OF EVIDENCE

The primary sources of information used to substantiate the gathered data included:

- General State Budget (PGE): For the evaluation of biodiversity expenditure (BER) for the last five years (2019-2023).}
- Environmental Policy Expenditure Guidance Classifier, Ministry of Finance.
- Organic Code for Planning and Public Finance
- Manuals and Internal Regulations
- Interviews with Key Stakeholders and consultations recorded in minutes and forms: The interviews were conducted with high-ranking government officials and representatives from various sectors
- Forms containing Necessary Information. These included both quantitative and qualitative data.
- Minutes of Meetings.
- Information provided by stakeholders, including consultancies, statistics, proposed initiatives, key data, among others.
- International Instruments and Agreements.
- Convention on Biological Diversity
- Global biodiversity framework Kunming – Montreal
- Sustainable Development Goals
- Methodological Documents
- Biodiversity Finance Initiative BIOFIN MANUAL 2018.
- BIOFIN Biodiversity Finance Initiative MANUAL 2024.
- Various consultancies provided by Biofin on different topics and both proposed and ongoing initiatives.
- National Strategies:
- National Biodiversity Strategy and its Action Plan.2015-2030.
- Drafts of their rapid review process, update, definition of indicators for the mid-term update of the NBSAP.
- MAATE Sector Plan 2021-2025
- National System of Environmental and Sustainability Indicators
- Creation of the Sustainable Finance Roundtable
- Consultancies performed by BIOFIN:
- Update of the Policy and Institutional Review (PIR) Study.
- Financial Disclosures Associated with Nature.
- Development of an International Cooperation Strategy of the Ministry of Environment, Water and Ecological Transition - MAATE International Cooperation Strategy of MAATE cooperating in the transition towards decarbonization and sustainability.
- Harmful Incentives for biodiversity in Ecuador.
- Strategy for attracting resources and financial sustainability of the FAQ with strategic indicators and enabling conditions.
- Consultancies and Studies on Biodiversity and Conservation Needs:
- Consultancies and initiatives provided by WWF and WCS.
- Analysis of sustainable financing mechanisms for the Project Finance for Permanence (PFP) initiative in Ecuador.
- Institutional and Financial Governance of Protected Areas
- Web sites of Cooperating Partners and other international organizations:
- National and International Development Banking
- NGO's
- WWF



- UNDP
- World Bank, CAF, IDB
- WCS
- Cepal
- Others.
- Sectorial Information
- Private Banks Association
- Stock Market
- Popular and Solidarity Economy
- Sector Guides
- Corporate Social Responsibility
- International Development Finance Club
- Public and private initiatives for finance solutions for biodiversity.
- Green Finance
- Popular and Solidarity Economy
- Public Policy
- Biodiversity Clusters
- Debt-for-nature Swaps.
- Biodiversity Knowledge, Information, and Crowdfunding Platforms.
- Guidelines for Central Bank actions to aid biodiversity.
- Safety in Protected Areas
- River Decontamination.
- Biodiversity in Local Governments
- Indigenous Bioeconomy in the Amazon
- Others
- Reports and Publications on Biodiversity:
- National and international publications on biodiversity trends and ecological challenges in the country.



## 4. VALIDATION OF THE FINANCING PLAN

Over the course of three working sessions held on November 26, 27, and December 3, discussions were conducted to disseminate outcomes and validate the Biodiversity Finance Plan. These sessions aimed to achieve the following purpose:

1. Disseminate the findings from the data collection and present finance solution proposals.
2. Evaluate the proposed financing initiatives in terms of impact, resource generation, and implementation feasibility.
3. Identify synergies and agreements for the effective implementation of these initiatives among the key stakeholders.

The attendance included the representatives from the following institutions:

- Central Bank of Ecuador [Banco Central de Ecuador]
- CERES
- CONAFIPS
- CONGOPE
- Conservation International
- Financial Regulation and Policy Board
- MAATE
- Superintendency of Banks
- European Union
- WWF
- PNUD-BIOFIN
- Seven Media Global – Consulting Team
- Various MAATE departments

During the meetings, the results of the Biodiversity Expenditure analysis for public, private, and other sectors were presented. Additionally, an assessment of financing needs and a proposal for financial solutions that could ensure the sustainability of the National Biodiversity Strategy were introduced. These initiatives were explained and subjected to analysis and discussion with the attending authorities and participants.

Among the key consensus points of the stakeholders are:

- The need for improved information systems that consolidate public and private expenditure data on biodiversity.
- There is a pressing need for leadership that can advocate for these proposals within governance forums such as the Sustainable Finance Roundtable.
- Improved coordination among diverse public and private sectors is vital for the successful implementation of these proposals.
- Need for greater internal coordination and support from the different areas of MAATE for the implementation of a successful strategy.
- The relevance of the proposal as a sustainability strategy to the National Biodiversity Strategy.





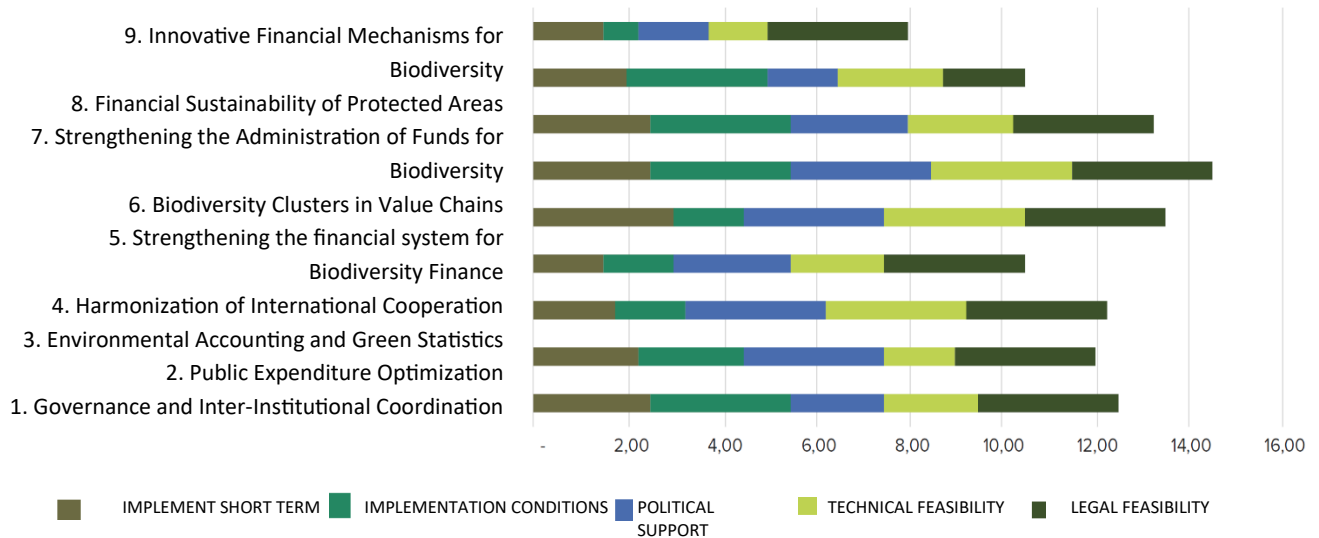
## 5. RATING OF FINANCIAL SOLUTIONS

Each financial initiative was meticulously selected and evaluated following a comprehensive analysis of variables that assess its applicability and potential outcomes in the short and medium term. The selection process prioritized solutions with technical, legal, and economic feasibility, addressing the urgent needs of the country for biodiversity financing and highlighting existing solutions that require reinforcement and continuity in their actions.

Most of the proposed financial initiatives show a high feasibility of implementation. The table below assesses each solution based on key variables, such as implementation time, necessary conditions for execution, government backing, legal viability, and technical feasibility. Comprehensive details of this analysis can be found in the respective data sheets for each initiative. The weighting of these variables in the table suggests that a higher rating correlates with an increased likelihood of successful implementation.

The following table outlines the evaluation results of the essential conditions for the implementation of financial solutions, the potential support from stakeholders for their execution, legal, and technical feasibility, which have been weighted to derive an overall rating. The weightings are detailed in the profiles of each proposed initiative.

Graph 7. Prioritization of Finance Solutions



Source: Section 2.5, Annex of Financial Initiatives Data Sheets.



## Evaluation of the outcomes from prioritizing financial initiatives

Initiatives receiving the highest ratings are distinguished by their substantial likelihood of successful implementation in the short to medium term. These initiatives enjoy robust political support from authorities across various sectors and are both technically and legally feasible, securing top positions in the prioritization process.

- Biodiversity Clusters in Anchor Companies
- Optimization of Trust Funds
- Accounting and Green Statistics
- Strengthening the Financial System

On the other hand, there are solutions that, albeit demanding significant effort for implementation, are crucial due to their importance and impact on executing the National Biodiversity Strategy and Action Plan (NBSAP):

- Public Expenditure Optimization
- Governance and Inter-Institutional Coordination

The sustainable management of protected areas and their self-management, through the application of payments and fees, represents a high-impact initiative. However, its success hinges on strong political support from the authorities:

- Sustainable Management of Protected Areas

Innovative financing mechanisms ultimately offer substantial opportunities to channel resources toward biodiversity conservation. However, their implementation requires considerable time for legal adjustments, strengthening administrative capacities, and structured planning. These mechanisms need to progress through specific milestones to ensure short- and medium-term results:

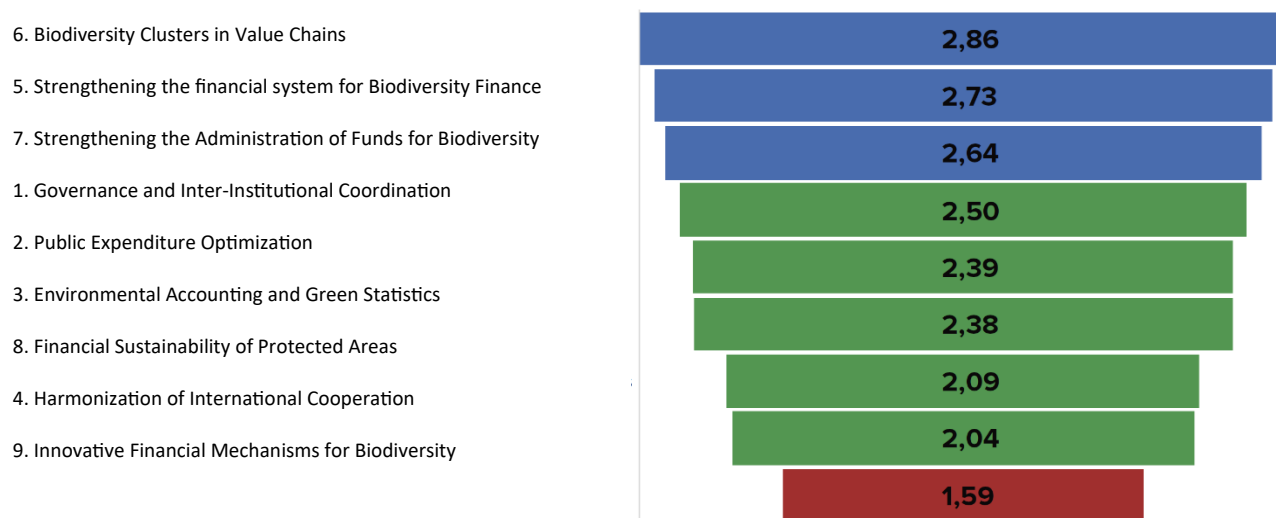
- Debt-for-nature Swaps
- Carbon Markets

The **likelihood of success** of financial initiatives assists in determining their viability and prioritization during implementation. This analysis relies on a comprehensive evaluation of factors such as the necessary conditions for execution, political support, and legal and technical feasibility. By categorizing initiatives based on their likelihood of success, we can pinpoint those with a higher potential to yield positive outcomes in the short and medium term, as well as those requiring significant efforts to overcome barriers

<b>HIGH</b>	(2.6- 3.0)
<b>MEDIUM-HIGH</b>	(2.1 - 2.5)
<b>MEDIUM</b>	(1.6-2.0)
<b>LOW-MEDIUM</b>	(1.1-1.5)
<b>LOW</b>	(0.0-1.0)

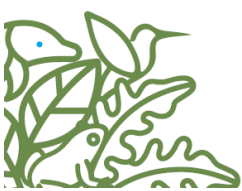


Graph 8. Success Probabilities



The likelihood of mobilization assesses the capacity of finance solutions to generate economic flows that support biodiversity. This analysis is grounded in key factors such as technical feasibility, legal framework, political support, and operational conditions, allowing for the prioritization of initiatives based on their potential impact and feasibility.

Likelihood of resource mobilization	Probability	Score	Note
1. Governance and Inter-Institutional Coordination	1.4	LOW-MEDIUM	It does not mobilize directly; its function is to coordinate and lead, its effect is transversal.
2. Public Expenditure Optimization	1.9	MEDIUM	Requires complex institutional reforms and coordination
3. Environmental Accounting and Green Statistics	1.8	MEDIUM	They do not generate flows directly; the data contribute to decision making.
4. Harmonization of International Cooperation	2.2	MEDIUM – HIGH	Good potential, needs effective coordination and prioritization of needs
5. Strengthening the Financial System	2.4	MEDIUM-HIGH	The potential is considerable, contingent upon multiple factors
6. Biodiversity Clusters in Value Chains	2.3	MEDIUM-HIGH	It has significant potential and necessitates robust partnerships with the private sector
7. Optimization of Trust Funds	2.8	HIGH	There is a significant likelihood due to the legal framework and established mechanisms for resource mobilization
8. Financial Sustainability of Protected Areas	2.7	HIGH	
9. Innovative Financial Mechanisms for Biodiversity			
Debt-for-nature swaps	2.5	MEDIUM-HIGH	Viable but depends on several factors
Carbon Markets	2.9	HIGH	Significant Resource Generation Capacity



The impact in relation to the SDGs lies in its ability to address environmental, economic, and social challenges in a holistic manner. Each solution aligns with specific SDG targets, contributes to biodiversity conservation, and generates additional benefits. The following table consolidates this relationship:

Finance Solution	SDG Related	Impact
Governance and Inter-Institutional Coordination	5, 16, 17	Foster collaboration among institutions by establishing coordination frameworks that efficiently manage biodiversity resources and strengthen strategic partnerships.
Public Expenditure Optimization	12, 14, 15, 17	Evaluate and restructure biodiversity expenditure to maximize its impact, eliminating redundancies and allocating resources to priority actions in collaboration with international organizations.
Environmental Accounting and Green Statistics	5, 17	Develops systems to quantify the economic value of biodiversity, promoting informed and transparent decision-making through international standards.
Harmonization of International Cooperation	17	Coordinates the efforts of international donors to maximize the impact of cooperation, prevent duplications, and establish shared priorities for biodiversity conservation.
Strengthening the Financial System for Biodiversity	8, 14, 15, 17	Mobilize private resources through innovative financial instruments to drive conservation projects and sustainable ecosystem use.
Biodiversity Clusters in Value Chains	5, 8, 12, 14, 15, 17	Integrate biodiversity into economic value chains by promoting sustainable practices in sectors such as agriculture, tourism, and fisheries to achieve both environmental and economic benefits.
Strengthening Fund Management	16, 17	Enhance transparency and efficiency in biodiversity fund management by establishing robust control systems and accountability mechanisms
Financial Sustainability of Protected Areas	11, 14, 15, 17	Develop sustainable financial models to ensure the long-term conservation of protected areas, diversify income sources, and enhance management capacities.
Innovative Financial Mechanisms	5, 10, 17	Develop innovative mechanisms such as payments for ecosystem services and carbon credits to incentivize conservation efforts and promote equitable use of natural resources.



## 6. FINDINGS FROM THE PROCESS

Among the primary conclusions drawn from the assessments conducted using the BIOFIN methodology were:

### Challenges in Data Collection

- The absence of precise and comprehensive data on biodiversity expenditure, both public and private, presents a significant challenge. It is crucial to establish integrated public and private information systems to ensure sufficient data availability, enhancing the accuracy of analysis and promoting transparency.
- There is no comprehensive information on biodiversity investment that includes expenditures by subnational governments and the private sector; estimates for the exercise were based on financing conducted with the BDE.
- Information on investments made by the Philanthropy sector in Ecuador is not available; international reports suggest levels close to \$50 million annually that are not formally reported to any Ecuadorian entity.
- Data on expenditure from international cooperation is underestimated due to the absence of information on investments from such cooperation.
- The suggestion is to work on an open data portal for the publication of reports and data on biodiversity expenditure open to the public and stakeholders in the future, as it would be an important source for stakeholders' planning.

### Funding Deficiencies

- In the review of recent years conducted through the VER and FNA analyses (2019-2023), substantial funding gaps were detected, related to unutilized budgets across various public institutions, resulting in \$181 million in unmet requirements.

### Subsidies Harmful to Biodiversity

- Subsidies harmful to biodiversity account for 0.93% of GDP, equating to \$993,100,000—amounts that exceed public investment in biodiversity. This represents a significant resource pool to be scrutinized, which could potentially fund the NBSA.

### Role of the Private Sector in Finance:

- The private sector can play a key role in biodiversity finance; the BER analysis provides the first figures that allow us to see that sectors other than the General State Budget can finance activities related to biodiversity aligned with the NBSAP. Private investments should be encouraged and attracted.



## Financial Sustainability of Debt

- According to the results of the BER analysis, there is currently a significant amount of economic resources invested in biodiversity, which originate from external debt. This necessitates a contextual analysis of using external debt as one of the main sources of financing, serving as the financial channel for the NBSAP.

## The lack of specific public policies and regulatory frameworks limits outcomes

- The absence of a sustainable green finance taxonomy is a significant barrier to increasing biodiversity investment levels through portfolio placement in public, private, and social economy sectors.
- There are several drafts of legal and regulatory frameworks essential for promoting financing in favor of biodiversity, which include thematic bonds, parametric insurance, microinsurance, funds for sustainable ventures, national financing policies, creation of seed capital funds, and the regulation of carbon markets. These require high-level support for their approval and implementation, and there are political barriers preventing their approval.

## Contribution of the Private Sector

- An analysis was made of the private sector's growing interest in investing in biodiversity-related projects, particularly through sustainable financing instruments.
- There are private initiatives that could generate biodiversity-friendly investments but have not succeeded due to lack of governmental support or insufficient coordination and agreements among stakeholders.

## Lack of governance and inter-institutional coordination

- Nearly unanimously, stakeholders expressed a lack of communication, coordination, and governance on biodiversity issues.
- There are several public, private, and international cooperation initiatives and projects that are managed in an isolated and disjointed manner, not aligned with a National Biodiversity Strategy, and that require synergies and Partnerships to achieve common objectives, which would be very favorable for generating resources to support the mobilization of resources.
- *The lack of harmonization of international cooperation with the country's needs in terms of Biodiversity Finance needs is evident.*
- *There are consultancies, studies, and concrete proposals submitted by cooperating partners that have not been approved (harmful subsidies, fees in protected areas, governance, others).*



## Proposed Finance Solutions

- Following a comprehensive analysis of all documented information in this consultancy, nine financial solutions were identified, analyzed, and prioritized. These solutions are applicable to Ecuador's reality and aim to achieve the financial outcomes outlined by the BIOFIN methodology (deliver better, generate revenue, avoid future expenses, and realign expenditures). This initiative aligns with the National Biodiversity Strategy and its update, the 2030 Agenda, the Sustainable Development Goals, and the country's international commitments. These were presented for consideration to the stakeholders involved in developing this proposal.

## Capacity Building

- Identified stakeholders within the resource mobilization strategy necessitate capacity building to effectively implement the proposed solutions.
- Among the identified needs is the enhancement of expertise in environmental finance and biodiversity funding.
- Institutional Strengthening Needs: Implementing financial solutions necessitates improved governance, coordination, and communication across governmental and private institutions, along with targeted efforts in building strategic capacities for defining strategies, outcomes, and goals.

## The primary challenge: its application

- Once the Biodiversity Finance Plan is presented, it encounters the main challenge of gaining approval and implementation through the establishment of a roadmap, and most importantly, securing the commitment of the involved stakeholders.

## Mid-term update of the National Biodiversity Strategy

- The mid-term update of the National Biodiversity Strategy (NBSPA 2025-2030), currently in its final stages of development, must include a cost analysis of the detailed activities in the action plan. This analysis will enable the estimation of the total budgets required for financing between 2025-2030, and the Biodiversity Finance Strategy must integrate these figures into the funding needs.
- Financial targets for each proposed financial solution must be defined in accordance with the National Biodiversity Strategy and its Action Plan 2025-2030.



## Annex V: Alignment of Financial Initiatives with the Detailed Biofin Catalog

Financial initiatives proposed in the financing needs analysis				Brochure of BIOFIN Finance Solutions	Stakeholders	O.D.S.
1	New Initiative	<b>Governance and Inter-institutional Coordination.</b>	<ul style="list-style-type: none"> <li>Governance and Capacity Building</li> <li>Ensuring Long-term Enabling Conditions</li> </ul>	13 Profitability Measures 13.2 Profitability Measures through Regulatory Institutionalization 37 Advocacy for Allocation of Public Funds 37.1 Shaping Periodic Budget Formulation 37.2 Shaping Periodic Budget Formulation 41 Mobilization of Private Donations	MAATE BIOFIN WWF National Planning Secretariat	13,16,17
2	New Initiative	<b>Public Expenditure Optimization.</b>	<ul style="list-style-type: none"> <li>Strengthening of the National System of Information on Biodiversity Expenditures</li> <li>Results-Based Budgeting for Biodiversity Initiative</li> <li>Training and Institutional Strengthening in Financial Management and Biodiversity</li> <li>Transparency and Accountability Project in Biodiversity Expenditure.</li> </ul>	13 Profitability Measures 13.1 Cost-Benefit Analysis 13.2 Profitability Measures through Regulatory Institutionalization 20 Strategic Acquisitions 21 Enhance Public Budget Execution 21.1 Strengthen the Execution of Local Budgets 21.2 Remove Obstacles to the Execution of External Public Budgets 21.3 Remove obstacles to the implementation of the internal public budget Eco-friendly procurement Human resource management 37 Advocacy for Allocation of Public Funds 37.1 Shaping Periodic Budget Formulation 37.2 Shaping Periodic Budget Formulation 53 Results-based Budgeting	MAATE – Planning and Management. Biodiversity Ministry of Finance Planning Secretariat BIOFIN	13, 15, 16, 17
3	New Initiative	<b>Environmental Accounting and Green Statistics.</b>	<ul style="list-style-type: none"> <li>Implementation of the Green GDP in Ecuador</li> <li>Integration of Environmental, Gender, and Biodiversity Variables into National Accounts.</li> <li>Assessment of Biodiversity Investment in the State's General Budget.</li> <li>Environmental Accounting and Green Statistics.</li> </ul>	13 Profitability Measures 13.2 Profitability Measures through Regulatory Institutionalization 37 Advocacy for Allocation of Public Funds 37.1 Shaping Periodic Budget Formulation 37.2 Shaping Periodic Budget Formulation 49 Promotion of Natural Capital Accounting 49.2 Natural Capital Accounting-National Accounts	MAATE – Planning and Management. Biodiversity Ministry of Finance Central Bank of Ecuador BIOFIN	5, 8, 13, 15, 17
4	New Initiative	<b>Harmonization of International Cooperation Based on the Needs of the Country.</b>	<ul style="list-style-type: none"> <li>Coordination and Alignment of International Cooperation</li> <li>International</li> </ul>	37.1 Shaping Periodic Budget Formulation 37.2 Shaping Periodic Budget Formulation 41 Mobilization of Private Donations	MAATE - International Cooperation Ministry of Foreign Affairs of Ecuador BIOFIN	10, 16, 17





Financial initiatives proposed in the financing needs analysis			Brochure of BIOFIN Finance Solutions	Stakeholders	O.D.S.	
5	Continued strengthening of existing SF 4	Enhancement of the public and private financial system, social economy entities, and capital markets for biodiversity funding.	<ul style="list-style-type: none"> <li>Implementation of Sectoral Taxonomies</li> <li>Structuring of Green Credits and Green Businesses in Cooperatives</li> <li>Capacity Building in Cooperatives</li> <li>Strengthening of Regulatory Standards in Green Finance for the Financial Sector</li> <li>Regulations for the Disclosure of Nature Related Financial Information (TNFD)</li> <li>Capacity Building for Key Sectors (Bioeconomy and Bio-Enterprises) to Generate Demand for Credits</li> <li>Framework for Issuing Sovereign Green Bonds</li> <li>National Standard Regulations on Thematic Bonds</li> <li>National Policy on Sustainable Financing – ESG Regulations for National Financial Sector</li> <li>Climate and Financial Risk Management</li> </ul>	13.2 Profitability Measures through Regulatory Institutionalization 16 Disaster Risk Insurance 16.1 Green Initiatives to Lower Insurance Premiums 23 Enterprise Challenge and Innovation Funds 28 Green Banks 29 Green Bonds 29.1 Forest Bonds 29.2 Ecosystem Green Bonds 29.4 Climate Bonds 29.5 Blue Bonds 30 Green Loans 30.1 Community-Based Financing 30.2 Green Microfinance 33 Impact Investment Mobilization of Private Donations 54 Social and Development Impact Bonds 54.1 Wildlife Impact Bond 54.2 Development Impact Bond (Pay-for-Results) 54.3 Conservation Impact Bond (Pay-for-Results) 56.2 Sustainability Standards: Financial Sector	ASOBANCA SEPS CONAFIPS JPRF BVQ SB	8,9, 12, 13,15, 17
6	New Initiative	Strengthening private sector investment in Biodiversity Finance based on CSR.	<ul style="list-style-type: none"> <li>Investment Clusters in Production Chains</li> </ul>	10 Corporate and Corporate Foundation Donations 12 Corporate Sustainability 12.2 Corporate Supply Chain Management 14 Crowdfunding 17 Allocation and Retention of Biodiversity-Derived Revenues (self-generated income) Human Resource Management Impact Investment 42 Non-State Protected Areas 55 Sovereign Funds 55.1 Sovereign Wealth Funds - Oil and Gas Funds 66 Trust Funds 66.1 Regional Trust Funds 66.2 Revenue Funds for Oil, Gas, and Other Natural Resources 66.3 Trust Funds for Protected Areas 66.3 Funds for Air Pollution Mitigation 66.4 Climate, Carbon, and Forestry Funds 67.1 Biodiversity Enterprise Incubator 67.2 Biodiversity Enterprise Funds	BIOFIN CERES CEMDES	9, 12, 15, 17



Financial initiatives proposed in the financing needs analysis			Brochure of BIOFIN Finance Solutions	Stakeholders	O.D.S.	
7	Scope extension SF3 was not executed.	Strengthening the management of biodiversity funds.	<ul style="list-style-type: none"> <li>Performance-Based Payment Agreements (PBPA).</li> <li>National Energy Innovation Fund.</li> <li>National Water Fund (if legislation is in force).</li> <li>Quito Environmental Fund with Administrative and Financial Autonomy and Legal Status.</li> <li>National Biodiversity Investment Fund for the Private Sector. (CERES)</li> <li>National Environmental Management Fund</li> <li>Regional Water Funds</li> </ul>	10 Corporate and Corporate Foundation Donations 12 Corporate Sustainability 12.2 Corporate Supply Chain Management 14 Crowdfunding 17 Allocation and Retention of Biodiversity-Derived Revenues (self-generated income) Human Resource Management Impact Investment 42 Non-State Protected Areas 55 Sovereign Funds 55.1 Sovereign Wealth Funds - Oil and Gas Funds 66 Trust Funds 66.1 Regional Trust Funds 66.2 Revenue Funds for Oil, Gas, and Other Natural Resources 66.3 Trust Funds for Protected Areas 66.3 Funds for Air Pollution Mitigation 66.4 Climate, Carbon, and Forestry Funds 67.1 Biodiversity Enterprise Incubator 67.2 Biodiversity Enterprise Funds	MAATE BIOFIN Quito Funds, etc. WWF CERES	6, 7, 11, 12, 13, 15, 17
8	not executed, scope extension SF1	FINANCIAL SUSTAINABILITY OF PROTECTED AREAS.	<ul style="list-style-type: none"> <li>Prioritization and mechanisms of fees and payments in Protected Areas.</li> <li>Delegated concession of productive activities within the National System of Protected Areas</li> <li>Private Fundraising Platforms for Protected Areas, Payment Button</li> <li>Management Model for the National Protected Areas Service with Administrative and Financial Autonomy.</li> </ul>	14 Crowdfunding 42 Non-State Protected Areas 46 Payment for Ecosystem Services 46.1 Payment for Ecosystem Services: State Mediation and/or Fees 46.2 Payment for Ecosystem Services: Private-to-Private Transactions 50 Promotion of Sustainable Tourism 58 Taxes and Fees in the Tourism Sector 58.1 Other PA and Tourism Fees 58.2 Mooring Fees 58.3 Tourist, Real Estate, and Commercial Concessions 58.4 Camping Fees 58.5 Filming and Photography Fees 58.6 Diving Fees 58.7 Climbing Fees 58.8 International Travel Fees (air/sea) 58.9 Entries	MAATE –Dir. Biodiversity Directorate of Protected Areas BIOFIN WWF	8, 11, 12, 13, 14, 15, 17
9	Persistence, Continuation, and Novel	INNOVATION IN FINANCING MECHANISMS FOR CONSERVATION AREAS.	<ul style="list-style-type: none"> <li>Debt-for-Nature Swaps</li> <li>Elimination of Harmful Biodiversity Subsidies</li> <li>Carbon Markets</li> </ul>	15 Debt-for-Nature Swaps 51 Reform Harmful Biodiversity Subsidies	MAATE BIOFIN MEF Others	8, 9, 10, 12, 13, 15, 17

